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**THE ECONOMIC INTERVENTION STRATEGY OF
THE INTERNATIONAL NON-GOVERNMENTAL
ORGANIZATIONS IN PALESTINE.**

A CASE STUDY: THE SHORT-TERM EMPLOYMENT PROJECTS.

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List of Abbreviations

EC	European Commission
ETF	European Training Foundation
EU	European Union
GDP	Gross Domestic Product
GIZ	The German Cooperation Organization
HEI	Higher Education Institutions
ILO	International Labour Organization
INGO	International Non-Governmental Organization
MAS	Palestine Economic Policy Research Institute
NGO	Non-Governmental Organization
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
PCBS	Palestinian Central Bureau of Statistics
PNA	Palestinian National Authority
PNGO	Palestinian Non Governmental Organizations
SDC	Socio Demographic Characteristics
TVET	Technical and Vocational Education and Training
UN	United Nations
UNDP	United Nations Development Program
UNEP	United Nations Environment Programme
UNROL	United Nations Rule of Law
UNRWA	United Nations Relief and Works Agency
USAID	United States Agency for International Development
WBGS	West Bank and Gaza Strip

1. Introduction

Many countries around the world, both developed and developing, are characterized by high level of unemployment. This phenomenon has profound implications not only for economic activity, by limiting the amount of labour supply and therefore potential output, but also for political and social unrest, as the experience of many Middle-Eastern and North-African economies has recently shown.

Unemployment is particularly relevant for Palestine. Indeed, since the mid-1990s, Palestine is one of the countries in the world with the highest rate of unemployment. Persistently high unemployment reflect several characteristics of the Palestinian economy, mostly important the dependence on the Israeli's economy and high political instability.

This research focuses on unemployment issues in Palestine and it investigate the role of macroeconomic factors (growth and international aid) as well as those INGOs short-term employment projects in affective unemployment. In particular, the main goals of our study are:

- ❖ To key trends in the unemployment rate in Palestine, providing also a breakdown by age, gender and regional groups.
- ❖ To investigate the relationship between the unemployment rate and macroeconomic factors, including real GDP growth and the international aid flows.
- ❖ To investigate the effects of the interventions of the INGOs—which have a significant role in the socio-economic developmental process in Palestine—in prompting employability and creating job opportunities.

The key results of this analysis are the following:

- ❖ The unemployment rate has steadily increased since the mid-1990s, from about 18 percent in 1995 to about 27 percent in 2016. Unemployment is particularly high among the youth and women.
- ❖ Most of the variation in unemployment is explained by changes in economic activity. In particular, an increase in GDP growth is found to reduce the unemployment rate by about ½ percentage point.
- ❖ Internal aid flows tend to be countercyclical—that is, being higher during periods of weak economic activity and high levels of unemployment.
- ❖ Short-term employment programs, financed by INGOs, have a significant effect on the employability of the Palestinian's labour force.

While this (latest) result has important policy implications, it is also opportune to mention the main limitations of this analysis: (i) there is no database that can be used to find out the figures for the short-term employment projects beneficiaries numbers; therefore, it is difficult to identify the suitable sample size for the study; (ii) the INGOs did not share their project's data; (iii) collecting data through the questionnaires, was not easy and is likely to be subject to selection bias since most of the people approach felt that this research was not useful. Notwithstanding these limitations, our study is, to the best of our knowledge, the first that reports original results of the effects of INGOs short-term employment projects on a sample of Palestinian graduated people.

The rest of the work is structured as follows. The first chapter presents an overview on the unemployment problem in Palestine, also differentiating unemployment trends by regions, age and gender groups. The chapter concludes by examining the cyclical relation between unemployment and output—the so called *Okun's Law*. The second chapter discusses the role of international aid in Palestine, and its implications for labour market. It also conducts an analysis on the cyclicity of these flows and how they relate to changes in unemployment. The third chapter contains a micro analysis—based on data collected through a questionnaire—on the effect of NGOs' short term employment projects on the employability of Palestinian graduates. In addition, it provides a qualitatively analysis of the opinions of those that participated to these short-term employment projects. The last section concludes with policy implications.

2. Unemployment and Labour Market in Palestine

2.1.Introduction

While high unemployment problem is a global problem, it is particularly relevant for Palestine. In particular, the continues rise in the unemployment rate from about 18.2 percent in 1995to about 27 percent in 2016, make it one of the most serious topics for Palestinian decision-maker. Since the establishment of the Palestinian Authority, there were serious attempts to reduce it by providing job opportunities in the Palestinian Authority's institutions as well as through the temporary job creation projects which was carried out by the Palestinian Ministry of Labour. However, the public sector's capacity to absorb surplus labour remains still limited.

This chapter highlights the unemployment problem in Palestine, its characteristics, distribution depending on gender, area and age. It also examines the relation between unemployment and changes in economic activity.

2.2.The Importance of Studying Unemployment

- ❖ Unemployment is an indicator for overall economic health. It is connected to other factors used to determine the growth of an economy.
- ❖ High unemployment limits individuals' household income, access to health insurance and contributes to psychological stress.
- ❖ It causes mental health problems like, low self-confidence, feeling unworthy, depression, and it may increase the rate of suicide.
- ❖ Increases in unemployment may lead to higher crime rates and losses in social values.
- ❖ Unemployed people become unemployable with the time.

2.3.Unemployment: Measurement and Economic Definitions

The unemployment rate is a key indicator of the labour market performance; it is defined as the share of unemployed in the total labour force. As such, it does not account people that are underemployed—that is, working part-time when they would like to be working full-time. In the thirteenth International Conference of Labour Statisticians which took place in Geneva in 1982, the International Labour Organization (ILO) defined the unemployment like the number of persons in working age: a) Without work during the reference period; b) Currently available for work,; c) Seeking work (ILO, 2012).According

to the Palestinian Central Bureau of Statistics (PCBS), unemployed persons are those individuals aged 15 years and above who did not work at all during the reference period, who were not absent from a job, were available for work and actively seeking a job (PCBS, 2015).

Economists divide unemployment into three types:

- ❖ Frictional Unemployment: it is the short-term unemployment that is associated with the matching of workers and jobs (Frank and Bernanke, 2007). It is usually a side effect of the job-search process, it occurs because workers take some time to move from one job to another.
- ❖ Structural Unemployment: it is the long term and chronic unemployment that occurs when workers' skills are outdated and do not meet the needs of employers (Frank and Bernanke, 2007).
- ❖ Cyclical Unemployment: it is a result of the cyclical nature of the economy, it occurs during recessions, as companies respond to lower demand by laying-off workers.

In addition to the previous mentioned types of unemployment, the researchers also added other classifications which are also considered as important as the previous types:

- ❖ Demand-Deficient Unemployment: it occurs when output is below full capacity 'Keynesian' unemployment occurs in the transitional period before wages and prices have fully adjusted (Allen, 1976).
- ❖ Disguised Unemployment: it occurs when a large number of people employed in jobs without any production process; it is generally well-known in the governmental jobs (Case and Fair, 1999).
- ❖ Natural Unemployment: it is the part of unemployment net of the impact of the business cycle (Case and Fair, 1999).

2.4. Overview of the Unemployment in Palestine

2.4.1. Previous Studies

Among the several studies relating to unemployment, we have chosen only those ones related to Palestine. This section provides a review of these studies.

Many studies investigated the relationship between some economic determinants and the unemployment rate. The study of Bahlol(2015) assessed the impact of economic determinants of unemployment rates in the Palestinian territories in the period of 1995 until 2012. The study used annual time series data. The results show that there is a positive

relationship between the inflation rate and unemployment rate and an inverse relationship between the unemployment rate and the GDP growth, investment and terms of trade.

The study of Aleid and Bahdi (2012) investigated the relationship between economic growth and the rates of unemployment in the Palestinian territories, from 1996 until 2011. The study applied a regression model to test the relationship between the unemployment rates and the GDP of the Palestine, in general, and in West Bank and Gaza strip, in particular. The results of the study show that the behavior of the unemployment function in West Bank is different than in Gaza Strip, there is an inverse relationship between the rate of change in the growth rate of GDP and the change in the rate of unemployment Palestine. The Palestinian economic conditions are linked to the Israeli economy more than with Palestinian economic policy.

Both of the studies, Bahlol(2015) and Aleid and Bahdi (2012) share the same results about the inverse relationship between the unemployment rate and the growth rate GDP.

Ibrahim (2006) investigated the relationship between unemployment rate and the population growth in Gaza Strip, and found a positive relationship between these two aggregates. The result of this study highlights the importance of the rapid increment in the population in Gaza Strip for unemployment.

Many studies targeted the unemployment and its impact on the youth and graduates, such as Hamadna's (2013) study which focused on the determinants of youth unemployment in the city of Nablus in Palestine. The study adopted the method of collecting information by distributing questionnaires which were distributed on a stratified random sample and it targeted in total 1.5 percent of the total housing in the city which represents 600 families. As the Nablus' community is a youth community the unemployment rate is very high, more among males than females, and also among singles than the married people. Thus, the age group (20-29) is the one with highest unemployment. The results identified the causes of high unemployment in the lack of experience and practical knowledge among the new graduates, the unfair way in hiring, the gap between the market demand and the universities specializations and the lack of investment in the area. The study recommended fostering the business environment, also to improve matching between labour demand and workers' skills, and policies to support demand in the short term.

Migdad (2011) investigated the situation of the Palestinian higher education institutions system in the West Bank and Gaza Strip and its role in meeting the labour market needs, including through post-education assistance. A questionnaire was used as a

key tool to obtain the required information. The results of the study confirmed the high rate of unemployment among the graduates and weakness of the Palestinian Higher Education institutions systems especially in identify the real needs of the labour market to try to cope with it. The study recommended the need to coordinate efforts between the Palestinian Ministry of Higher Education and the Palestinian institutions of higher education to activate the follow-up of graduates and linking them to the Palestinian labour market.

Other studies analysed the unemployment problem in Palestine from gender and social perspectives. Dahlan (2013), by a survey on a random sample of 381 females between the ages of 15 to 65 years, examined the female employment situation in Gaza Strip labour market. The results showed very high women unemployment concentrated in the age group 22-35. The most important cause of female unemployment is the economic situation in general. There is an inverse relationship between the unemployment rate and the number of years of women education. This emphasizes the important role of education. The government must consider searching for solutions for women's unemployment, increasing the community awareness of the importance of small businesses, and resorting to vocational trainings an alternative to academic education.

Awadat (2010) examined the social impact of unemployment among workers in the Gaza Strip, using data collected through questionnaires. The study confirmed the exponential impact of unemployment on the social problems in the Gaza Strip, including via higher crime rates, family disputes and drug abuses. In some cases, unemployment had also had effects on the mental and physical health of the unemployed. In addition, the study demonstrated that Palestinian internal conflict in 2007 was a key factor behind the increase in unemployment. The study recommends the need to develop the unemployed human resources technically and professionally to get them better prepared for the labour market. In the opinion of the author, NGOs and institutions (public and private) need to play a better role to help the unemployed workers and provide them with work opportunities.

Some studies focused on the policies to address high unemployment. The study of Hajjaj (2016) investigated the State and Public Administration policies in relation to employment policies in Palestine. It analyses the different trends of unemployment in West Bank and Gaza Strip, considering that Palestine is fragmented geographically. It demonstrated the effects of public administration measures by targeting the regional unemployment characteristics, population density and political situation in order to show the differences in the unemployment trends between the Gaza Strip and the West Bank.

The study has proved that Public Administration realized by Palestinian National Authorities has been effective in West Bank, whereas in Gaza Strip the unemployment rates show continuous increment. Because of the current political situation in Palestine, Gaza Strip is no longer under the administration of the Palestinian National Authority as a result of the internal Palestinian conflict.

The study of Khader (2006) investigated to what extent the policies of the Palestinian ministry of education and higher education affected the unemployment rate of the graduates. The researcher focused on the Gaza Strip only, and it relied on two different questionnaires (both based on the likert's scale); one was distributed among unemployed graduated, and the second one was distributed among colleges' teachers of universities in Gaza Strip. The results show that the policies of the Ministry of Education had very limited role in addressing the problem of unemployment,.

All the studies mentioned above have concluded that unemployment is a serious problem in Palestine. The ones which studied the relationship between the unemployment rates and some economic determinants in Palestine reached the same results, which can be summarized as follows: in Palestine the unemployment rates have a positive relationship with the inflation rate and the population growth and an inverse relationship with the economic growth rates, investment expenditure rate and terms of trade. However, many studies focused on Gaza Strip only and on the last ten years.

Because of the lack of data and the difficulty of reaching it in Palestine, many researchers tend to build their own questionnaire to collect data. However, they do not use the collected data optimally, as they only focused on the analysis of the study sample opinions in order to approve their study hypothesis without using the socio-economic characteristics of the sample. They tend to review these characteristics in a narrative way without using them to prove the hypotheses, although it is very important part of the collected data and it contains much information.

In contrast, our study will analyze the unemployment from different perspectives in both parts of Palestine (West Bank and Gaza Strip). It will give a macroeconomic analysis of the Palestinian labour market and its relationship with the unemployment. Moreover, we will investigate the relationship between the unemployment and the international aid with updates data until the year of 2016, which includes all the active events from 1995 since the establishment of the PNA passing three wars and the internal conflict, as these events play a huge role in directing the Palestinian economy and affecting its economic indicators.

Furthermore, in our study we will use the short-term employment projects as a case study to measure the size of the INGOs' contribution in reducing the unemployment problem in Palestine and its impact on the beneficiaries.

2.4.2. The Historical Development of the Unemployment Crisis in Palestine

The growth of the unemployment rate in Palestine was primarily influenced by the political situation, as its rates were directly affected by the changes of political developments in the region. The rates of unemployment remained within low levels (reaching in some cases 1 percent) under the Israeli occupation. According to data of the Palestinian Central Bureau of Statistics (PCBS), the unemployment rate has not recorded any rise in the last century. Since 1984 it has ranged between 0.7percent and 0.8percent until the mid-1990s. With the establishment of the Palestinian authority in 1994, the Palestinian economy was suffering from the lack of ability to contain the entire Palestinian labour, this, along with the closure and siege, created a large surplus in the workforce as a result of the decline in the Israeli market demands for it. In addition, the second Gulf War caused the return of many Palestinian workers who were working in the Gulf countries to Palestine. Another reason to be mentioned is the Oslo peace agreement in 1993 which also resulted in the return of many Palestinians who had been living abroad. This rapid increase in the number of returnees to Palestine in the same period was a huge burden to the Palestinian authority which was not able to manage this problem, resulting in an increase in unemployment up to 18 percent in 1995, and poverty.

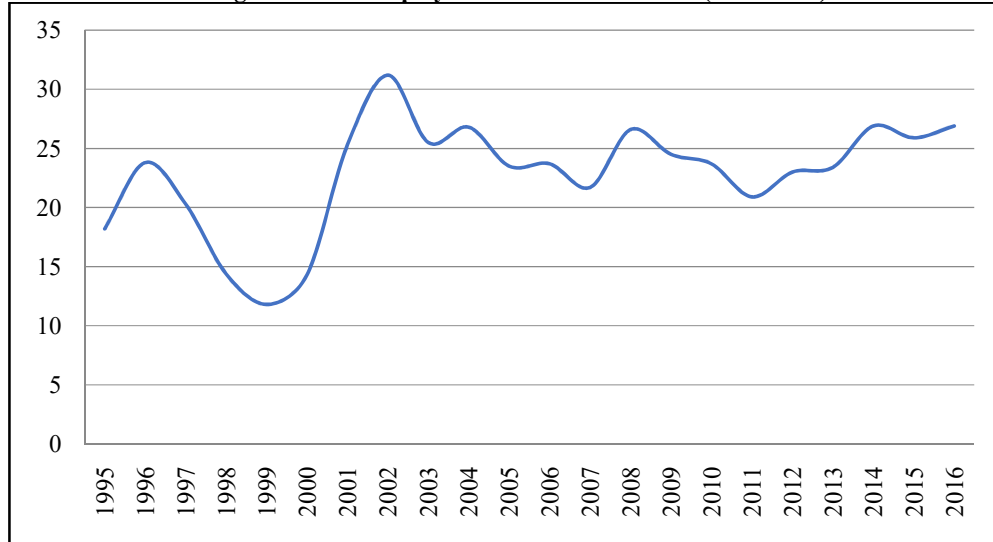
The unemployment rate, however, declined since 1996 to reach about 14.3percent in 2000 (12.2percent in the West Bank, 18.9percent in Gaza Strip). The Palestinian labour market experienced some limited improvement with regards to absorbing Palestinian labour. The public sector began to expand and employ some of the excess labour, reconstruction projects encouraged the private sector to increase its investments and employment, and Israel allowed more Palestinian workers to work inside the Green Line, particularly in 1998-2000(MAS, 2007).

With the start of the second Palestinian Intifada¹ in 2000, the labour market expansion stopped and its imbalance was exacerbated, as is shown in Figure (2-1) below. This was mainly due to the vast decline in economic activity following Israel's measures (sieges, closures, the separation barriers, restrictions on movement of people and goods,

¹The Palestinian uprising against Israeli occupation of the West Bank and Gaza Strip

reoccupation of many cities in the West Bank in 2002) which caused the rise in the unemployment rate to 23.7 percent in 2006 (18.8 percent in the West Bank, 34.8 percent in Gaza Strip) .

Figure 2-1: Unemployment Rates in Palestine (1995-2016)



Source :(PCBS, 2016)

In the period from 2007 until 2010, the unemployment rate was oscillating between 21.7 percent and 23.7 percent reaching 20.9 percent in 2011 and 23 percent in 2012 (19 percent in the West Bank, 31percent in Gaza Strip). After that, it continued to increase to 26.9 percent in 2014 (17.7 percent in the West bank, 43.9 percent in Gaza Strip).

2.4.3. Unemployment Distribution in Palestine:

Regional Distribution

The time series of annual rates provided by PCBS, for the period from 1995 to 2016, reported in Table (2-1) shows that: Unemployment started to increase in the early nineties, reaching 23.8percent in 1996. Then, it increased during the second Intifada to 31.2percent in 2002. After that, it declined slightly by the end of 2003 because of the improvement in economic activity, ultimately falling to 21.7 percent in 2007. After 2007, it continued oscillating between high rates to reach 26.9 percent in 2016.

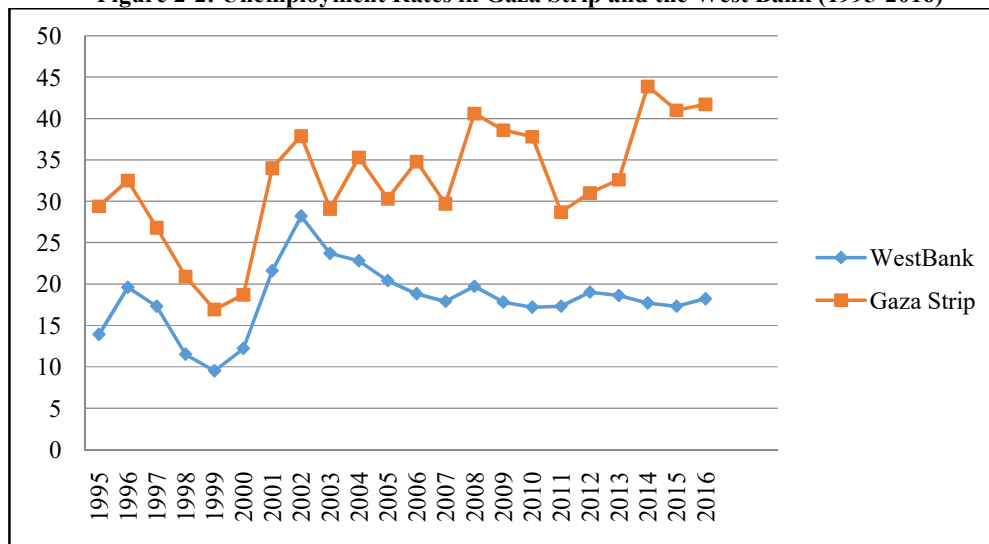
Table 2-1: Unemployment Rates in Palestine (1995-2016)

Year	Palestine	West Bank	Gaza Strip
1995	18.2	13.9	29.4
1996	23.8	19.6	32.5
1997	20.3	17.3	26.8
1998	14.4	11.5	20.9
1999	11.8	9.5	16.9
2000	14.3	12.2	18.7
2001	25.3	21.6	34
2002	31.2	28.2	37.9
2003	25.5	23.7	29.1
2004	26.8	22.8	35.3
2005	23.5	20.4	30.3
2006	23.7	18.8	34.8
2007	21.7	17.9	29.7
2008	26.6	19.7	40.6
2009	24.5	17.8	38.6
2010	23.7	17.2	37.8
2011	20.9	17.3	28.7
2012	23	19	31
2013	23.4	18.6	32.6
2014	26.9	17.7	43.9
2015	25.9	17.3	41.0
2016	26.9	18.2	41.7

Source :(PCBS, 2016)

Geographically, Figure (2-2) below shows that Gaza Strip has a higher unemployment rate than the West Bank.

Figure 2-2: Unemployment Rates in Gaza Strip and the West Bank (1995-2016)



Source :(PCBS, 2016)

In 1995, the unemployment rate in the West Bank was 13.9 percent while in Gaza Strip it was 29.4, after that it fluctuated to reach the lowest value for both in 1999, at 9.5percent in the West Bank and 16.9 percent in Gaza Strip. Then, it started to rise continuously again to reach 37.9 percent in Gaza Strip and 28.2percent in the West Bank in 2002.After that, in the West Bank it started to decline and the trend has not changed much, while in Gaza Strip the rates have fluctuated in the high values, reaching 41.7 percent in 2016.

The reason behind these differences can be summarized as:

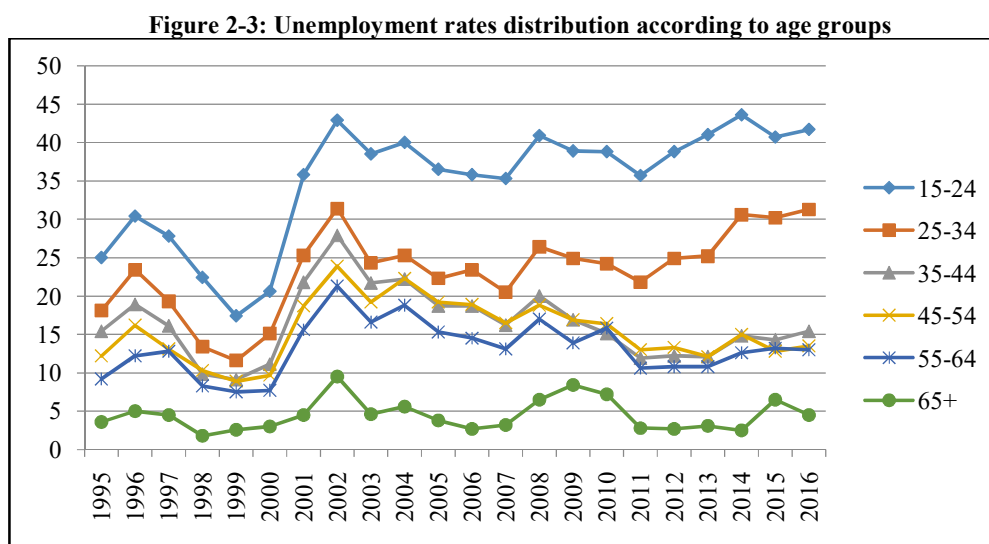
- ❖ The Gaza Strip has a higher population than the West Bank. According to the data of the PCBS Statistical Yearbook, which was published in December 2014, the total population density in Palestine was 756 (Capita\km²) by the middle of 2014, while in the West Bank it was 493 (Capita\km²) and 4,822(Capita\km²)in Gaza Strip.
- ❖ Limited external and international aid to Gaza Strip, after the Palestinian Internal Conflict in 2007, which occurred between the PNA (Fatah Party) and Hamas Movement. The result of this conflict was the split of the unity government and the division of the Palestinian territories into two entities, the

West Bank governed by the Palestinian National Authority, and Gaza governed by Hamas.

- ❖ Repeated closures of Gaza Strip borders and the Israeli blockade in place since 2006 when Hamas won the parliamentary elections and several wars with Israel (in 2008, 2012 and 2014).
- ❖ Natural Resources in Gaza Strip are limited.

Age Distribution

Palestine is characterized by a high population growth rate, especially among youth. According to the PCBS, by the middle of 2016 the estimated percentage of individuals in the age group of 0-14 was approximately 39.2 percent of the total population in Palestine, 36.9 percent in the West Bank and 42.8 percent in Gaza Strip.



Source :(PCBS, 2016)

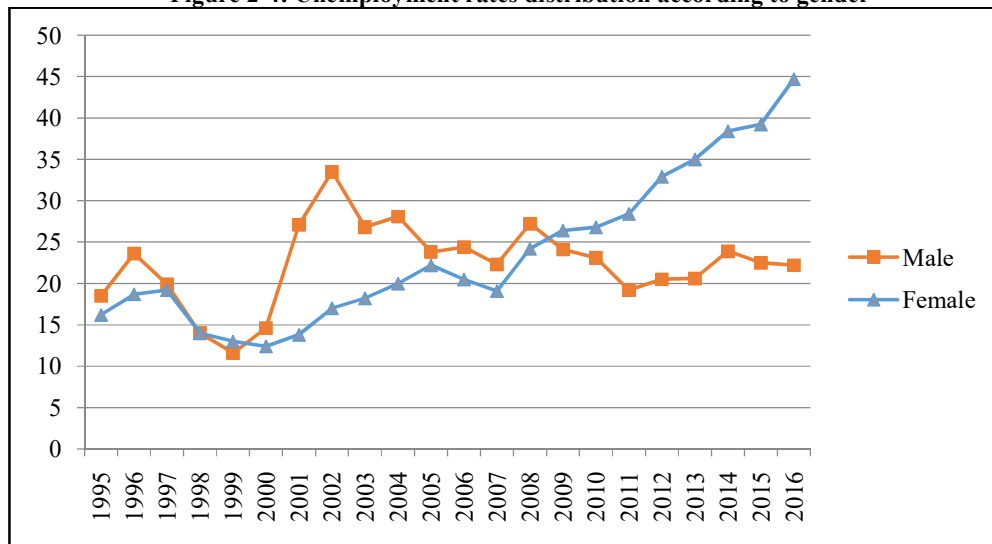
Figure (2-3) shows that the highest rates in unemployment are located in the youth age group (15-24) years and the age group (25-34) years. These two categories constitute the largest proportion of young people, so it is an indicator of the high youth unemployment rate in Palestine. In 2014, the age group (15-24) years reached its peak by 43.6percent, whereas the age group (25-34) years reached its peak in 2016 by 31.3percent.

Gender Distribution

According to the PCBS labour force survey, the labour force participation rate of persons aged 15 years and above was 45.8 percent by the end of 2016,while the unemployment rate was 26.9 percent in Palestine (22.2 percent for males and 44.7 percent

for females).The gap between males and females participation rate in Palestine is huge; from the researcher's perspective this is a cultural gap, as the Palestinian community is considered to be male dominated, where the man is responsible for providing the financial needs, protection and housing of his family which means a man is obliged to work while it is a choice for a woman especially in hard times .

Figure 2-4: Unemployment rates distribution according to gender



Source :(PCBS, 2016)

Although women’s participation in the labour force in Palestine is low, the unemployment rate for females is high.

Figure (2-4) shows that the unemployment rates distribution for male and female between 1995 and 2014. After 1995, the unemployment rate fluctuated for both sexes and it declined to reach the lowest rates of 11.6 percent in 1999 among males, 12.4percent in 2000 among females. According to the data, the unemployment rate among males increased significantly to reach a peak in 2002 of 33.5percent. After that, there was a slight fall and the rates continued to fluctuate within a high range. On the other hand, the unemployment rate among females increased dramatically after 2002 and it continued rising.

From the researcher's perspective that is one result of the last three wars which occurred in the years 2008, 2012 and 2014,where the numbers of male victims were much higher than the female numbers leading to an overall drop in the male population, and as a result the unemployment of males also decreased. In 2016, the unemployment rate for males in Palestine was 22.2 percent compared with 44.7 percent for females and by June, 2017 it reached 23.7 percent c for males compared with 50.0 percent for females

2.5. Macroeconomic Analysis of the Palestinian Labour Market

The relationship between unemployment rate and the GDP is one of the most famous empirical relationships in macroeconomics (Okun's law). Proposed by the economist Arthur Okun in 1962, it states that the unemployment rate declines when GDP growth increases (Higgins, 2011).

The Palestinian Economic performance was weak in the beginning of the establishment of the Palestinian National Authority in 1994; the Palestinian economy was suffering from the lack of ability to contain the entire Palestinian labour. Many Palestinians who were living and working abroad returned to West Bank and Gaza Strip (WBGS) after Oslo peace agreement in 1993. Another reason was the second Gulf War, which in the same period caused the return of many Palestinian workers who were working in the Gulf countries (Hajjaj, 2016). After in 1996, the economic indicators witnessed an improvement; the GDP rose by almost 42 percent to reach 4741.60 million USD by 1999. The number of employees in the Palestinian labour force either in the domestic or in the Israeli economy increased significantly compared to the previous year's which results in the decline of the unemployment rate to 11.8 percent.

However, by 2000, the second Palestinian Intifada started which caused the decline of the GDP because of the instability of the political situation, which led to a large deterioration in economic activities in the next two years. The GDP growth rates dropped gradually to -12.49 percent in 2002, impacted the unemployment rate, which reached a peak by 31.2 percent. The recession receded by the end of 2003, as a result the GDP growth rate rose up to reach 14.02 percent which followed by a decline in the unemployment rate to be 25.5 percent compared with 31.2 percent in the previous year. This improvement in GDP growth rate continued in the next two years, which resulted in the decline of unemployment rate to 23.5 percent in 2005.

In 2006, most of the economic indicators deteriorated because of the financial blockade imposed on PNA. As a result, the GDP growth rate declined to -3.9 percent and the unemployment rate rose again to 23.7 percent. One year after, the GDP growth rate increase to 12.41 percent in 2011; and unemployment rate was oscillating with GDP changes. After that, the Palestinian internal conflict has occurred. In the same period, the trade through tunnels with Egypt was started in Gaza Strip because of the closure of the border, which led to growth in the GDP to reach a rate of 12.41 percent in 2011 in parallel the unemployment rate declined by almost 3 percentage points.

In 2014, the GDP witnessed a drop again; one of the main reasons is the third war on Gaza Strip also some shifts were also reported by MAS centre in the different sector's contribution to GDP, which reflected on unemployment. The unemployment rate in Palestine stood at 26.9 percent in this year up 3.5 percentage points from 2013. This was particularly a result of Gaza's unemployment rate increment (MAS,2015). After that, the GDP was oscillating in low rates whereas the unemployment rate was oscillating between high rates to reach 26.9percent in 2016.

In order to examine the effect of GDP growth rate on the unemployment rate, a linear model is estimated using PCBS annual data from 1995 until 2016. The results of this exercise are reported in table 2-2 and suggest that an increase in GDP growth of one percentage point reduces the unemployment rate by ½ percentage point. In addition, as shown in Figure 1-5, the relation is quite tight, with changes in GDP growth explaining about 61 percent of variation in the changes in unemployment rate.

Table 2-2: Linear Regression of Δ Unemployment Rate on Δ GDP Growth Rate

	B	S.E.	t-statistics	P-value
Constant	2.35154	0.667	3.521	0.00228 **
$\Delta \ln \text{GDP}$	-0.41893	0.074	-5.627	2e-05 ***

Note: **, *** denote significance at 5 and 1 percent, respectively.

Figure 2-5: Δ Unemployment Rate versus Δ GDP Growth Rate

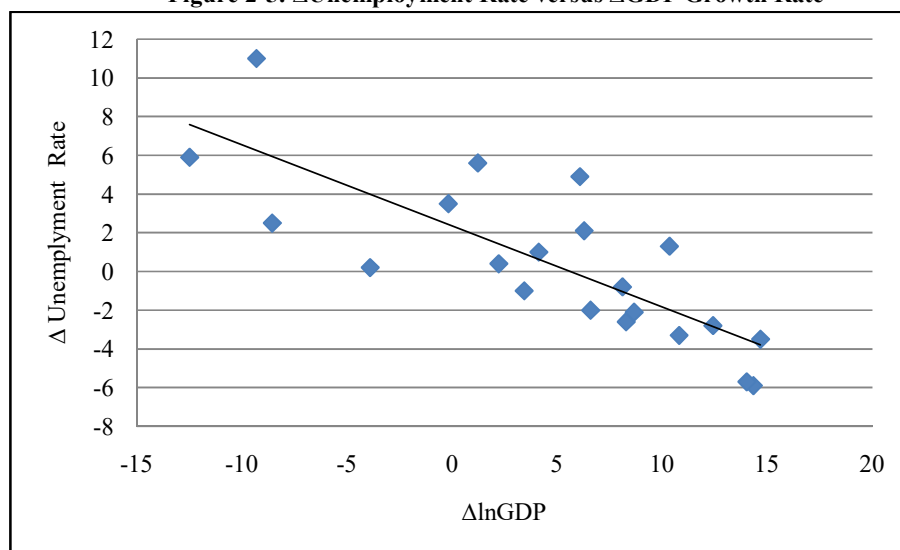


Figure (2-5) shows that the relationship between the GDP growth rate and the change in the unemployment rate in Palestine, the result shows an inverse relationship between the two variables which is compatible with Okun's law. Our analysis result is consistent with the results of Bahlol (2015) and Aleid and Bahdi (2012) studies.

2.6.Overview of the Palestinian Local Labour Market

The Palestinian economy has a special characteristic which makes it different from the other neighboring countries' economy. Since the Palestinian Nakba² in 1948, the Palestinian economy has lost its production base and suffered from many changes, as the West Bank was included in the Jordanian system and became a follower to the Jordanian Authority while Gaza Strip was included in the Egyptian system and became a follower to the Egyptian Authority. Under these conditions, the economy in both West Bank and Gaza Strip was obliged to adapt to the new conditions. In 1967, Israelis occupied Gaza Strip and the West bank, the Palestinian economy became a follower of the Israeli economy and its structure suffered from the negative effect of the Israeli policies. Israeli authority targeted the Palestinian economy in a way that serves its political, economic and security interests, large size of trade with Israel and large number of Palestinian workers in the Israeli labour market. As a result, the development of the Palestinian economy became connected to the economic relationships with Israel, while Palestinian production was directed to provide low cost products with low added value for Israeli consumption or exporting as an Israeli product.

This situation created a local market characterized by a weak structure, damaged infrastructure and linked almost entirely to the Israeli labour market and other foreign markets. After the peace agreement in 1993 and the establishing of the Palestinian authority, this situation was completely transferred in 1994 to the Palestinian National Authority (PNA). No development plan was prepared by the PNA to direct the labour market, which caused larger distortions in the economic situation. The Palestinian labour market is characterized by higher rates of labour supply than of demand. While the population in both WBGS is increasing continuously, the gap between supply and demand is getting bigger and bigger day by day, which indicates the increase in the Palestinian economy deficit to absorb the excess supply in the labour market. According to the PCBS Labour Force Survey in 2016, the total labour force participation rate in Palestine for individuals aged 15 years and over was 45.8 percent. The number of individuals participating in the labour force in Palestine was 1,341,000 in 2016;844,600 in the West

²Nakba literally means disaster, the term "Nakba" refers to the period of the 1948 Palestine war and events affecting Palestinians. In this, period an estimated 700,000 Palestinians fled or were expelled or killed, and hundreds of Palestinian towns and villages were depopulated and destroyed to be replaced by Israelis.

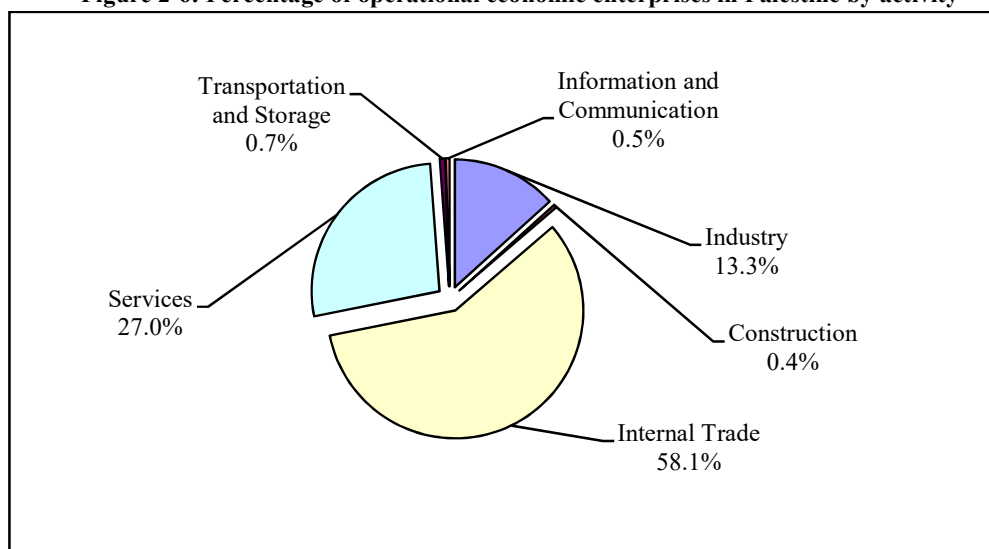
Bank and 496,400 in Gaza Strip. The labour force participation rate in the West Bank was 45.6 percent and 46.1 percent in Gaza Strip.

2.6.1. Public Sector versus Private Sector Employment

Private employment reached 584,000 (67.5percent) in mid-2012, with an average annual increase of 6percent since 2000. Public employment (PNA and local authorities) in mid-2012 amounted to 192,000 (22.5percent, for an annual increase of 5percent).However, within the framework of the Palestinian Reform and Development Plan 2008–10 and its successor, the Palestinian National Development Plan 2011–13, public employment in the PNA has been capped to a net increase of 3,000 jobs per year, mostly concentrated in the education and health sectors (Kock et al., 2012).In 2016, in the West Bank the private sector employs about 67.6percent and 15.4 percent in the public sector, where the private sector in the Gaza Strip employs 63.6 percent compared with 36.4 percent in the public sector and the rest are workers in the Israeli market.

The structure of Palestinian enterprises varies but most are small and family-owned; about 97percent of them employ fewer than 10 employees and 90percent employs fewer than five employees. Larger enterprises – those with 20 or more employees – employ about 1percent of all employees. According to the PCBS last economic survey, there are 135,880 non-agricultural enterprises in 2015 within the activities covered in the Palestinian economy.

Figure 2-6: Percentage of operational economic enterprises in Palestine by activity



Source :(PCBS, 2015)

Figure (2-6) shows that internal trade has the largest portion of enterprises numbers followed by the services sector. Table (2-3) below shows the number of employees according to the economic activity.

Table 2-3: Total number of enterprise and its employees in Palestine

Economic Activity	No of Employees	No of Enterprises
Internal Trade	176416.6	78946.28
Services	127735.6	36687.6
Industry	90288.71	18072.04
Transportation and Storage	7073.309	951.16
Information and Communication	6657.232	679.4
Construction	7905.463	543.52

Source :(PCBS, 2015)

There are 416,077 employed persons in economic enterprises distributed as follows: internal trade activities 42.4percent, services 30.7percent, industry 21.7percent, construction 1.9percent, information and communications 1.6percent, and transportation and storage 1.7percent.

2.6.2. Relationship between the Palestinian and Israeli Labour Markets

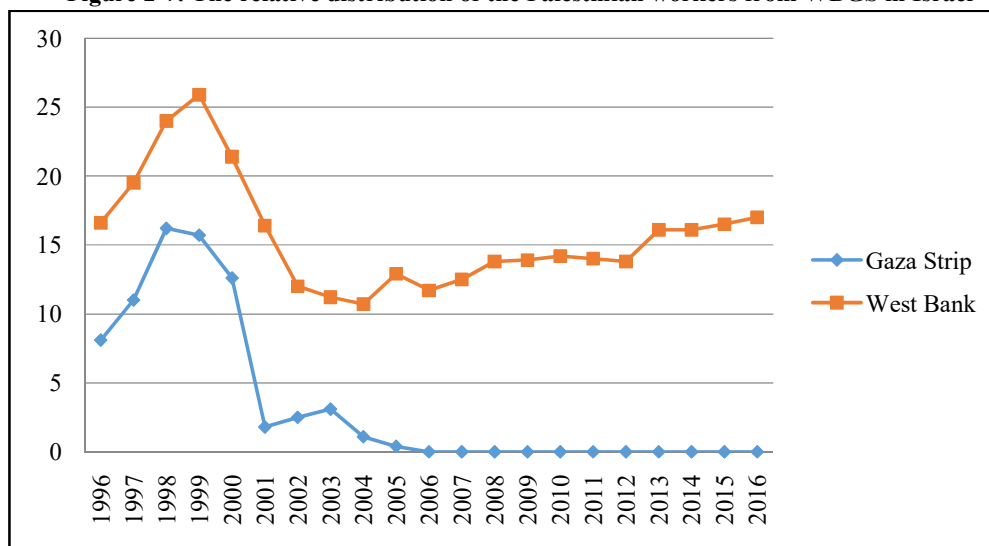
The deficiency of job opportunities forced the Palestinian workers to search for jobs outside the Palestinian markets, especially in Israel as the only other available option instead of unemployment. The rapid political events and the Israelis' continuous destructive policies, created a huge gap in the Palestinian economic structure. The most important result of these policies was an increment of Palestinian workers' dependency on the Israeli labour market. The percentage of Palestinian workers in the Israeli labour market rose from 21.3percent in 1970 to 74percent by the end of the eighties.

Since the signing of the Oslo agreement in 1993, the numbers of the Palestinian labour force in the Israeli labour market began to fluctuate following the political situation. By the year 2000, the number of Palestinian workers in the Israeli labour market was 135,500. When Intifada Al Aqsa³ started in 2000, most of these workers lost their jobs because the Israeli Authority gave only 32,000 workers permission to work in Israel;

³The Second Intifada, also known as the Al-Aqsa Intifada was the second Palestinian uprising against Israel, a period of intensified Israeli–Palestinian violence.

however, only half of this number was able to really work because of the blockade by the Israelis which prevented them from arriving at their work place.

Figure 2-7: The relative distribution of the Palestinian workers from WBGS in Israel



(PCBS, 2016)

Figure (2-7) shows the relative distribution of the Palestinian Workers from WBGS in Israel from 1996 to 2016. According to the PCBS data, the percentage of Gaza Strip workers in Israel fell down after 1998 to reach zero in 2006 and froze at this rate. In the West Bank after 1999, the workers percentage in Israel also fell down and after that it fluctuated between 21percent and 16percent.

Overall, there has been a continuous decrease in the numbers of Palestinian workers in Israel because the Israel policy aimed to layoff Palestinian workers, despite the large demand on Palestinian workers due to lower labour costs (PCBS, 2010).

2.6.3. Graduates and Labour Market

➤ Education System in Palestine

. Education is a pivotal pillar of empowerment and for decades has served as major factor in ensuring Palestinian society’s capacity to face and overcome crises, both individually and collectively. Palestine’s overall schooling rates were the highest in the Middle East and North Africa. Despite the fact that Palestine occupies a somewhat lower economic position among medium-income states, its educational performance is nevertheless advanced among countries of the same category (Berziet University, 2004).The Palestinian Ministry of Education and Higher Education supervises the public governmental schools, schools of UNRWA and the private schools in WBGS area.

A report issued by the Ministry of Education, about the reality of education for the academic year 2011-2012 showed that the number of schools in Palestine is 2707, of which: 2019 schools in the West Bank and 688 in Gaza Strip. The number of schools run by the government is 2005, 343 supervised by the UNRWA and 359 supervised by civil and private sector. The education system consists of:

- ❖ Compulsory basic education that includes grades 1 to 10 and this is divided into the preparatory stage (Grades 1 to 4) and the empowerment stage (Grades 5 to 10).
- ❖ Secondary education (general secondary education and a few vocational secondary schools) covers Grades 11 and 12.
- ❖ Tertiary education

According to the Palestinian Ministry of Education and Higher Education's statistics in 2015, the licensed and accredited higher education institutions in Palestine are 52. Specifically, 33 institutions are located in the West Bank, 18 in Gaza Strip while one university for open education has 22 centers which are divided by 17 centres in the West Bank and 5 centers in Gaza Strip. These institutions are divided into:

- ❖ 14 Traditional Universities
- ❖ League One open education
- ❖ 19 University Faculties
- ❖ 18 Community Colleges

The actual number of enrolled students in higher education institutions for the academic year (2015/2016) is 11,283 students (5,907 females and 5,376 males).

➤ **Graduates Participations in the Labour Force in WBGS:**

The enormous increase in the relative number of young workers due to the 'graduate boom' cohort has been cited by some as an important factor in the reduced employment chances. There is no debating that a major responsibility for the smooth integration of graduates into professional life, and hence into society, lies with Higher Education Institutions (HEI), the major supply (Pukelis, et. al., 2007).

Annually, about 40 thousands young people graduate from Palestinian Higher Education Institutions. In the academic year 2015/2016, there were 216,028 registered students at Higher Education Institutions (130,843 female and 85,185 male), (Ministry of Education and Higher Education, 2015). According to the Palestinian Central Bureau of Statistics (PCBS) data in 2016, the highest rates of unemployment in Palestine were among

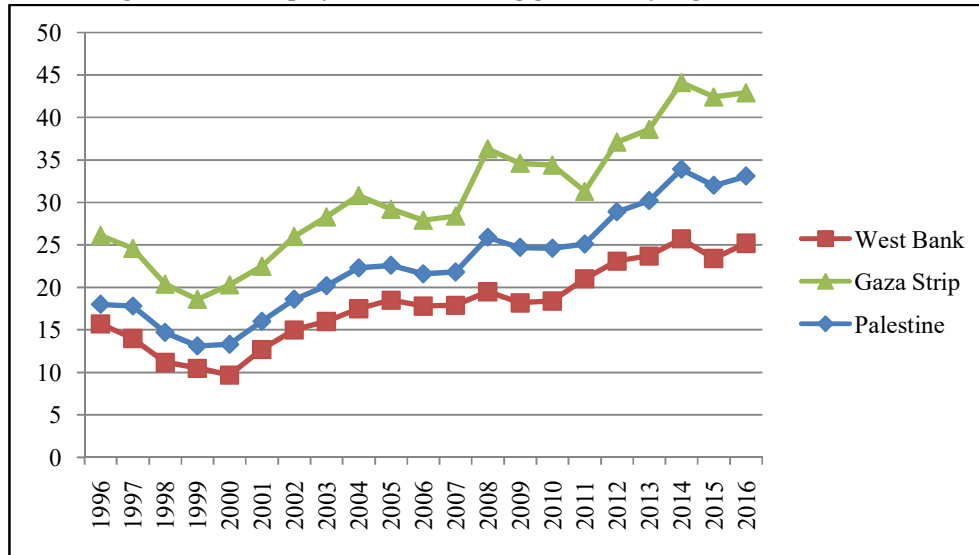
graduates from the field of “Teacher Training and Education Science” with 45.8 percent , 56.9 percent in Gaza Strip and 36.4 percent in West Bank as shown in the Table (2-4) .

Table 2-4: Unemployment among graduates according to the educational fields

Field of Education	Unemployment Rate							
	2009	2010	2011	2012	2013	2014	2015	2016
Teacher Training and Education Science	31.8	37.7	37.8	41.5	42.7	50.8	68.4	45.8
Humanities	25.7	26.5	25.2	30.9	33.5	33.5	66.3	32.5
Social and Behavioral Science	29.5	27.5	26.1	33.6	34.3	37.7	66.4	35.4
Journalism and Information	30.2	31.2	34.7	38.1	39.9	36.9	53.8	43.5
Business and Administration	25.3	24.4	23.9	28.2	26.2	31.3	48.7	30.3
Law	15.7	12.7	12.0	13.8	8.4	9.7	16.9	16.0
Life Sciences	20.2	25.1	21.7	23.2	32.0	39.1	54.6	35.8
Mathematics and Statistics	23.5	21.1	27.1	29.9	30.8	37.6	61.9	28.9
Computer Science	27.9	31.2	31.2	30.6	32.6	31.4	40.0	32.8
Engineering and Engineering Occupations	19.6	17.9	20.7	22.0	24.3	29.2	39.1	25.2
Architectural and Construction	19.4	21.9	18.7	15.4	18.8	23.0	40.4	29.4
Health	17.0	14.5	18.2	18.6	21.1	24.4	39.4	26.5
Personal Services	30.0	13.0	16.5	30.8	34.7	38.6	42.7	13.1
Other Specialization	24.5	21.4	24.5	29.9	30.8	27.6	46.8	35.7

Source :(PCBS, 2016)

Figure 2-8: Unemployment rates among graduate by region, from 1996 to 2016



Source : (PCBS, 2016)

Figure (2-8) clearly shows that the unemployment rates among the graduates after 2007 dramatically increased to reach high level in both West Bank and Gaza Strip due to the deteriorating in the political and economic conditions. Furthermore, we can notice that the unemployment rates in Gaza Strip are much higher and it reach a peak in 2014 by a rate of 44.1 percent.

2.7. Conclusion

In this chapter, we analysed the unemployment rate by region, gender and age. The analysis showed that Gaza Strip has higher rates than the West Bank, the unemployment among females has higher rates than among males, and the youth age group (15-34) years old has the highest rates of the unemployment.

In addition, we highlighted the Palestinian local labour market and its previous and current status. Also, we presented the situation of the graduates and their participation in the local labour market.

Furthermore, using annual time series we have investigated the relationship between the GDP growth and the unemployment rate change and it approved by the linear regression a negative relationship between the two variables.

3. NGOs and International Aid in Palestine

3.1.Introduction

International aid is considered as an important instrument to finance economic development. One of the main goals of the international aid is to enhance developing countries to improve welfare, reduce poverty, decrease unemployment and raise the GDP per capita (Saede, 2008). A common definition for International aid is official development assistance (ODA), which is used by the Development Assistance Committee of the Organization for Economic Cooperation and Development(OECD), is the grants or loans that one government or multilateral organization gives to a developing country to promote economic development and welfare. That assistance must be granted on concessional terms, which in the case of a loan means that at least 25 percent of it must be in the form of a grant. Data on official development assistance also include technical cooperation, such as teaching farmers new techniques or providing advice on making economic reforms; they exclude military assistance, political development programs, export credits, and debt forgiveness for military loans.

Since the signing of Oslo Accords in 1993, Palestine received half a billion dollars per year in international aid (MAS, 2005).

This chapter will review the most important donors and projects related to employment. In particular, it will focus on the international aid which was given after the establishment of the PNA and examine its relation with the unemployment rate.

3.2.Overview of the Non Governmental Organization

NGOs over the past two decades have played an increasingly important role in the Palestinian economy. They have been engaged in all sectors of social life, such as relief, rehabilitation, health, education, development programs, peace, human rights, and environmental issues, using finance raised from voluntary, private sources, and donor agencies, and managing themselves autonomously at local, national and international levels (Bagci,2007).NGOs have gained increased attention among scholars and practitioners of development. They have become increasingly important agents of the development process, in all of their main areas of work such as humanitarian relief, long-term development, policy formation and political advocacy (Atack, 1999).

Most non-governmental organizations share a common objective in initiating and operating social development and service activities. Their operations are carried-out

independently for non-profit purpose. While a NGO may come in the form of a registered foundation or an unregistered assembly, it can be categorized as a part of the Non-Profit Sector, which plays a significant role in social development and service through activities of various kinds (Pruekpongsawalee, 1998).

The term of non-governmental organization was coined at about the time of the founding of the UN in 1954 to distinguish private organizations from Intergovernmental Organizations (Gamboni, 2006). There are many definitions for NGOs; the World Bank defines NGOs as private organizations that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development (Shah, 2005). The United Nations defined a NGO as a not-for-profit group, principally independent from government, which is organized on a local, national or international level to address issues in support of the public good. Task-oriented and made up of people with a common interest (UNROL, 2015). UNEP definition for NGO is (a) formally or informally organized around shared purposes; (b) non-governmental, and so not part of the state apparatus; (c) self-governing, rather than externally controlled; and (d) voluntary both in the sense of being non-compulsory and in the sense of voluntary involvement in their governance or operations (UNEP, 2003). A World Bank adds, "In wider usage, the term NGO can be applied to any non-profit organization which is independent from government. NGOs are typically value-based organizations which depend, in whole or in part, on charitable donations and voluntary service (Bissan Centre and World Bank, 2006). The Palestine Economic Policy Research Institute (MAS) defines the NGOs as those organizations that have an officially recognized legal existence; they must be independent organizations, non-profit organizations and it must contain a level of voluntary participation; and it must not be an inheritable, representative, or factional (MAS, 2007).

International Non-Governmental Organization or INGO have the same mission as NGO but it is international in scope and has outposts around the world to deal with specific issues in many countries (Teegen, 2003). On an international level 'Non-Government Organizations' can be considered the key variable of development, specifically, in the developing countries (Lewis, 2001). The United Nations Economic and Social Council (ECOSOC) defines an INGO as "any organization which is not established by inter-governmental agreement". The concept of NGOs is linked to some criteria dealing with the size, membership and the function. Some patterns of NGOs are classified as follows:

1. Geographical distribution: local organizations, national and foreign international organizations.
2. Functional and activities: Agriculture, services, industrial and crafts.
3. Gender criteria: woman and man.
4. Size criteria: big, medium and small.
5. Class criteria: farmers, workers and middle class.
6. Culture criteria: religious, customary and ethnical (Alghol, 2011).

3.3. The International Non-Governmental Organizations in Palestine

According to the Council of Ministry Resolution No.9 of 2003 of the Implementing regulations for the public and charities organizations No.1 for the year 2009, the INGOs, as foreign institutions, are defined as: "The institutions whose headquarters are outside the Palestinian territories or that the majority of their members are foreigners, and as foreign associations which offer social services in the concerned parties in order to open branches in Palestine" (Ziada, 2012).

International Non-governmental Organizations can further be classified by their primary purpose. Some INGOs are operational, meaning that their primary purpose is to foster the community-based organizations within each country via different projects and operations. Some INGOs are advocacy-based, meaning that their primary purpose is to influence the policy-making of different countries' governments regarding certain issues or promote the awareness of a certain issue. Many of the large INGOs have components of both operational projects and advocacy initiatives working together.

In Palestine, INGOs operate under the Israeli Authority control and tough political situation, a thing that necessitates a majority of NGOs that succeed to adapt themselves within social movements, work to foster, channel and empower alternative discourse.

The evolution of INGOs in Palestine is marked by different stages:

First Stage: Early twentieth century until June 1967

This period includes the Ottoman rule, period of the British occupation and the Israeli occupation to the Palestine in 1948. This period also witnessed the Jordanian rule to the West Bank and the Egyptian rule to Gaza Strip until the date of June 4 1967. The INGOs started her work and its activities in this period are described as charitable and relief activities focused on literacy, women and children care.

Second Stage: From 1967 until 1994

In this period the INGOs role has been characterized by multiple activities focusing on bridging the service gaps which was neglected by the Israeli occupation. In addition, it played a remarkable role in preserving the Palestinian identity and history of the Palestinian heritage.

It is worth to mention that in this stage the NGOs have developed its performance to serve the Palestinian civil society and expanded the services in different sectors mostly health, education and agriculture.

Third Stage: From 1994 until Now

This stage started after Oslo Accords and the establishment of the PNA and it continued until this time where INGOs have become more specialized. The effectiveness of INGOs also increased due to:

- ❖ Decreasing the constraints and obstacles that were practiced by the Israeli against NGOs.
- ❖ The PNA's weakness in carrying out the relief and development activities created a gap, the NGOs helped to fill in this gap by implementing many different project in the field of development and relief.
- ❖ Activating the Palestinian local NGOs by partnerships with the INGOs

Further it is worth to mention INGOs adopt a great variety of roles in Palestine, including:

- ❖ To advocate for the Palestinian cause at international level.
- ❖ To Direct implementation of local development projects, relief activities and service delivery, often mobilizing or assuming local CSOs as implementing partners at local (village) level.
- ❖ To provide funds to Palestinian CSOs, including both project funding and core funding.
- ❖ To Project based partnerships with Palestinian CSOs, involving the direct intervention of international partners in the delivery of activities or services;
- ❖ To set up long-term, strategic partnerships, in which the international partners provide “core fund” and/or technical assistance to local partners based on “institutional development plans” or “strategic plans”;
- ❖ To promote international or regional project-based partnerships, using international funds and sometimes involving organizations from Israel and other neighboring countries. (Kostanini et al., 2011).

The INGOs perform a variety of activities in different field, like:

Environmental Preservation: that is environmental education, reduction of pollution, preparation and dissemination of publications about agriculture, development of small agricultural projects and contributing to solve the problems of agricultural marketing.

Culture: its activities in the cultural field include organizing exhibitions for local fashion industry, organization literacy programs and English language courses, establishment of modern libraries, holding scientific conferences and heritage festivals.

Human Rights: mainly preparing campaigns against human rights violations, issuing regular publications on violations in Arabic and English, raise awareness of human rights, establishment of specialized legal libraries, and organizing workshops about legal action. In addition, it play a role in the war times by trying to protect of the civilian and providing them with the necessary needs.

Economic Development:,supporting small enterprises, providing short time job opportunities for workers and graduates, providing loans and grants.

Rehabilitation: like rehabilitation of infrastructure, old schools and kinder gardens, houses in bad conditions with poor families, houses damaged because of war.

Health: activities include the provision of health services, rehabilitation of the physically disabled, psychological support programs especially after war, health awareness programs especially for women and children care and establishment of physiotherapy and health centers.

Women and Children Support: NGOs have developed many programs relating to the women and children rights especially for women in closed communities, villages and poor neighborhoods.

The actual number of the working INGOs in Palestine vary from year to year because of:

- ❖ The different ways in estimating the number of INGOs, such as if the INGO has an office in the Palestine or if it provides fund regardless of the actual presence of its office in Palestine.
- ❖ The duration of the INGO activities, its fund and ongoing projects which it is implementing in Palestine.

The Association of International Development Agencies (AIDA) and the Palestinian Ministry of Interior (PMOI) reported that the INGOs in Palestine were 82 and 83 in 2010 and 2013, respectively (Palestine Interior Ministry, 2013). Appendix A reports the list of INGOs in Palestine

3.3.1. Palestinian Non-Governmental Organizations (PNGO)

PNGOs is a term used to describe Palestinian Non-Governmental Organizations. Most of them are charitable organizations, youth clubs and sports groups. The oldest organization operating in the WBGS was established in 1907. The percentage of organizations that had been established in or before 1948 is only 2.2 percent. The percentage of number of organizations established after 1948 until 1993 is 12.4 percent. This number increased dramatically after the establishment of the PNA in 1993. MAS study had showed that the number of PNGOs that are operating in the Palestinian Territories is about 1,495. About 68.5 percent of these are located in the West Bank and around 31.5 percent are located in the Gaza Strip (MAS, 2007).

Palestinian NGOs received funding from a variety of sources: external, self-funded, governmental, local funding and others. Most of the PNGOs are not specialized in specific areas but tend to have a wide range of missions and goals. The number of PNGOs with general goals is higher than those with specific targets. There are various programs and activities performed by PNGOs; the highest ratio of activities is for cultural, scientific and educational programs.

3.4. INGOs and Employment in Palestine

Historically in Palestine, the labour market is characterized by the active involvement of NGOs (ETF, 2014). With low levels of employment and wide gaps between labour force and market needs, many INGOs launched projects to develop skills for youth. The main goal of these projects is to improve the overall employability⁴ of Palestinians youth graduates. Employment services are designed to assist people in finding

⁴ Employability is a different concept from employment, being employed means having a job, being employable means having the qualities needed to maintain employment and progress in the workplace (Lees, 2002). Hillage and Pollard (1998) defined employability with more emphasis on individuals possessing the capability 'to move self-sufficiently within the labour market to realise potential through sustainable employment'.

employment by providing counseling and training to potential employees and working with employers. They are either publicly or privately financed. In Palestine, however, the provision of employment services is politically and geographically very fragmented.

There continues to be a considerable amount of aid flowing into Palestine, although it is fragmented and unpredictable; a comprehensive long-term overview of broad economic fundamentals and a long-term development strategy are also lacking. Thus, aid is not being translated into sustainable development and growth (World Bank, 2007).

According to the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD), the main donors since 2010 were the UNRWA, US and EU bodies, GIZ (Germany), the BTC (Belgium), the Canadian International Development Agency (CIDA) and others from Norway, Spain, the United Kingdom, France, and Japan. Since the establishment of the PNA, the most important overall aid contributor to the Palestinians has been the EU Member States combined (Le More, 2005). Since the 2006 Palestinian elections, Arab countries have made a direct payment to Palestine to contribute to the payment of Palestinian civil servant wages (ETF, 2014).

In the following, we will describe the most common donors in Palestine

➤ **European Union (EU)**

The European Union is the biggest multilateral donor of Palestinians. It has played an active role since the start of the Middle East Peace Process., and together with the United States, Russia and the United Nations, it is a member of the Middle East Quartet, which supports the implementation of a two-state solution based on the 2003 Roadmap for Peace. These efforts are regularly debated by the Ministers. The Palestinian newspaper Maan reported in 2011, citing a senior official at the Palestinian Ministry of Planning, that the PA has received about US\$20 billion in donor funds since the peace process began. One estimated that the EU, including individual contributions by its members, has given 10 billion Euros to the Palestinians since the peace process began in 1994. Economic assistance to the PNA and the Palestinian people constitutes the EU's highest per capita foreign aid program (Persson, 2015).

The EU maintains a representative office in Ramallah, accredited to the PNA .The EU works with the PNA to build up the institutions of a future democratic, independent and viable Palestinian State but not all EU projects are channeled through the Palestinian Authority. More than a quarter of our assistance is implemented by international agencies, mainly UNRWA, but also in partnership with the World Bank, the Red Cross or the World

Food Programme. In addition, more than 20percent of project funding is channeled through international and Palestinian NGOs. EU projects focus on education, civil society, agriculture, food security, investing in people, gender quality and cultural programs. March, 2016 in Brussels European Commission press release announced that the European Commission has approved a 252.5 million Euros assistance package supporting the Palestinian Authority and Palestinian refugees. It is the first part of the EU's 2016 annual support package in favor of Palestine.

➤ **United States Agency for International Development (USAID)**

Since 1994, USAID's programs have helped to build institutions for statehood, promote a viable economy, and improve the everyday lives of Palestinians. To date, this assistance has totaled more than \$4.9 billion, supporting programs in a variety of areas. Activities include: infrastructure projects (schools, clinics, water supply and sanitation projects, and road construction); economic growth projects (trade expansion, agribusinesses improvements, and employment generation activities); health systems strengthening; support for municipalities on community-driven priorities; supporting democratic governance; improving education throughout the West Bank and Gaza; and, people-to-people reconciliation activities under a Congressionally-mandated Conflict Management and Mitigation (CMM) Program. USAID worldwide uses various acquisition and assistance instruments to implement its activities. Contracts, grants, cooperative agreements and purchase orders are some of the instruments negotiated and signed by USAID West Bank and Gaza. These instruments provide a variety of commodities, technical assistance and goods and services to Palestinians living in the West Bank and Gaza in addition to business opportunities.

➤ **German Cooperation Organization (GIZ)**

The German Cooperation Organization (GIZ), is an INGO which provides services worldwide in the field of international cooperation for sustainable development. It has over 50 years of experience in a wide variety of areas, including economic development and employment, energy and the environment, and peace and security. GIZ has been working in the Palestinian territories since the 1980. Since May 2005 it has been working in Ramallah. In August 2011, an additional GIZ program office was opened, from which the individual programs are managed. In addition, there is an office in the Gaza Strip. It employs 144 people in the Palestinian territories, including 24-seconded experts, 2 Centre

for International Migration and Development, 23 development advisors, 11 peace experts and 95 national experts. Its main program in Palestine is the TVET sector, which aims to improve the skills and qualifications, increase income potential and a narrowed employment gap. GIZ also facilitates partnerships among stakeholders, especially public and private institutions, by providing technical assistance in preparing the national employment strategy, cooperating with the Ministry of Labour in launching the LMIS and providing funding for various programs.

On behalf of the German Federal Ministry for Economic Cooperation and Development, GIZ operates in four priority areas:

- ❖ Water and sanitation
- ❖ Economic reform, employment and the labour market
- ❖ Institution building and civil society
- ❖ Civil Peace Service

GIZ also is implementing measures in the priority area of security, peace building and reconstruction on behalf of the German Federal Foreign Office.

➤ **The Swiss Agency for Development and Cooperation**

The Swiss Agency for Development and Cooperation is an office-level agency in the federal administration of Switzerland, and a part of the Federal Department of Foreign Affairs. Together with other federal offices, the Swiss Agency is responsible for implementing the Federal Council's foreign policy on humanitarian aid, development, and cooperation with Eastern Europe. It supports countries in their efforts to overcome poverty- and development-related problems. The Agency office in Palestine first established in June 1994, it has since supported numerous different activities, with multiple governmental and non-governmental partners, both bilaterally and through multi-lateral cooperation. The Swiss Agency overall goal is to enhance the prospects for a negotiated two-state solution to the Israeli-Palestinian conflict and to contribute to creating a democratic and viable Palestinian state based on the 1967 borders.

The Swiss Agency contributes to projects in order to upgrade existing TVET institutions and transform them into regional vocational centers of excellence, ultimately expected to translate into more employment and more specific skills that meet market demand.

➤ **Welfare Association**

The Welfare Association is considered to be the largest Palestinian non-profit organization. In 1983 a group of Palestinians met in London to discuss how they could leverage their intellectual, technical, and financial resources to continue to support their home and those who remained there or trapped in refugee camps in neighboring countries like Lebanon. As a result of this meeting, the Welfare Association, a Palestinian NGO that is dedicated to promoting the steadfastness of Palestine and Palestinians, was created.

The Welfare Association's founders agreed that their work will not be limited to charitable initiatives and humanitarian aid. They wanted an organization that embraced an integrated development oriented approach that focuses on cultivating healthy individuals, and more importantly, healthy communities. It offers innovative and sustainable solutions to the socio-economic problems, using a partnership driven approach with both beneficiaries and other development and public sector entities with respect to creativity, excellence, gender equity, sustainability, and high standards of governance in all our core areas of intervention. Its programs focus on three core pillars of flourishing communities:

- ❖ Investing in human capital, through the Education Program, Mustaqbali and the Youth Empowerment Services Program .
- ❖ Self-expression and cultural identity, through the Culture Program, the Old City of Jerusalem Revitalization Program and the Palestinian Museum.
- ❖ Access to quality social services, through the Community Development Program.

➤ **United Nations Relief and Works Agency (UNRWA)**

Created in December 1949, The United Nations Relief and Works Agency for Palestine Refugees in the Near East is a relief and human development agency. Originally intended to provide jobs on public works projects and direct relief for 652,000 Arab Palestinians who fled or were expelled from their homes during the fighting that followed the end of the British mandate over the region of Palestine (Dowty, 2012). The United Nations Relief and Works Agency for Palestine Refugees (UNRWA) is funded almost entirely by voluntary contributions from UN Member States. UNRWA also receives some funding from the regular budget of the United Nations, which is used mostly for international staffing costs.

Today, UNRWA provides services to the 5 million registered Palestine refugees from the 1948 and 1967 wars, a number which includes all their descendants. Aid

is provided to Palestinian refugees living in Jordan, Lebanon and Syria, as well as those in the West Bank and the Gaza Strip. The Agency's services encompass education, health care, relief and social services, camp infrastructure and improvement, microfinance and emergency assistance, including in times of armed conflict.

Furthermore, there are also several projects mainly focused on employment creation. In the following, we offer a description of the main ones

➤ **Youth Employment for Development Project "The Spirit of Hope"**

The project is funded by the program of Islamic Development Bank and the Gulf States Cooperation Council Program for Gaza Reconstruction. The project is implemented by United Nations Development Program (UNDP) in cooperation with the office of Palestinian Fund for Employment and Social Protection. The project aims to support the reconstruction and rehabilitation process in Gaza Strip by providing job opportunities, capacity building and developing the practical skills of 2500 unemployed youth and graduates.

The project provides a paid working period of 3 to 6 months for its beneficiaries, the project started in September 2016 and it will be implemented in 3 phases.

➤ **Livelihood Support for the Unemployed in Gaza Strip**

The project is funded by the Swedish International Development Cooperation Agency and implemented by The Islamic Relief Office of Palestine. The project aims to improve food security and livelihoods for Gaza Strip families; through providing 531 temporary job opportunities for unemployed people. The work opportunity period is from 4 to 6 months. The project started its activities in August 2016. The project beneficiaries will be distributed to work in the civil society organizations and private sector companies in Gaza Strip to contribute to the implementation of their activities and serve their objectives.

➤ **TVET and Employment Promotion Project**

The TVET- Technical and Vocational Education and Training- project was launched in 2016 by the GIZ, based on the agreement between the German Federal Ministry of Economic Cooperation and Development and the Palestinian partners i.e. the Ministry of Labour and the Ministry of Education and Higher Education. The initiative started in different regions of the Palestine to support the provision of integrated TVET and Employment Promotion. Building on the previous GIZ project in the Palestinian

Territories “TVET Promotion” the new GIZ project “TVET and Employment Promotion” aimed to gear the supply and Labour Market TVET programs towards the needs of the labour market and towards groups of disadvantaged young people (viz. young people in the West Bank including East Jerusalem, and in Gaza, who have participated in an integrated labour market and TVET project in skill-related employment or self-employment)

In addition, the project aimed to promote employment or self-employment of the target groups and providing training that is relevant to the demand of the local labour market and the needs of the target group and parallel activities to place the graduates in skill-related employment to support them with activities that enable them to start a self-employed career.

According to the program guideline for applicants the fund was between 50,000 euro and 100,000 euro. The duration of project activities’ implementation was 9 months.

➤ **Promotion of Youth Employability in the Palestinian Territories**

The project is a joint cooperation between the Swiss Agency for Development and Cooperation and the German International Cooperation (GIZ). The Objective of the Swiss contribution is to support developing and implementing the new concept of regional centers of Competence in public and non-governmental TVET institutions in the West bank to promote youth employability.

The cooperation project intends to support employability of Palestinian youth to meet labour market needs because of the mismatching of competences of graduates and vacancies due to insufficiently qualified youth entering the labour market. The planned measures included capacity development, the scaling up of physical equipment, the supporting of permeability between educational levels and increasing the quality of technical education and training, -especially for women –, which could directly lead to employment or to apprenticeship and close cooperation with the economic surrounding. The Swiss Agency contribution was 3 Million CHF (approx. 2.5 M €) for a 3 years period starting from 2015, with this contribution the Swiss the GIZ and the EU were joined too.

➤ **Youth Employment Support (YES)**

The project was launched in 2011 by the Welfare Association. The aim of the YES program was to connect fresh college and university graduates with local employers through the YES matchmaking web portal for six-month internships. The internship model

has an 80percent success rate of placing youth in permanent positions after their internship placement. Additionally, Welfare Association plans is to extend its YES program for other Arab youth in the region by replicating the YES model in Tunisia in order to provide 1,000 Tunisian youth with six-month internships.

YES activities included:

- ❖ Online career-counseling portal that helps students identify their ideal career path;
- ❖ Technical and Vocational Training opportunities;
- ❖ An employment portal where job seekers can access paid internship and apprenticeship opportunities and;
- ❖ Fast Forward; Palestine’s first entrepreneurship accelerator program.

The project achievements from 2011 until 2014 were:

- ❖ 5,000 youth engaged through the portal
- ❖ 3,800 young people trained on essential employability skills
- ❖ 3,600 young people obtained internships
- ❖ 2,700 young people obtained permanent jobs
- ❖ 400 start-ups seeded

In 2015, Welfare Association and its partners committed to expand their Youth Employment Services (YES) program to provide six-month internships for an additional 1,800 youth in the Palestinian territory. In parallel, Welfare Association launched another workforce development program in order to provide training to 200 Palestinian youth to prepare them for virtual job opportunities in the technology, web development, and web design fields. The Welfare Association commitment equals to \$7.3 million to support youth employment initiatives in both Palestine and Tunisia.

➤ **Start Work (National Jobs Fairs)**

A project implemented by Sharek Youth Forum in West Bank, it took place from May _October 2011 and funded by the International Youth Foundation (IYF) . The project aimed to improve the employment prospects of young people through employment skills training, also to increase exposure to internship and work opportunities through job fairs, where young people were able to meet with potential employers.

The targeted group was young people between the ages of 18-30 who either are in university or have recently graduated. Youth were selected then given employment skills training focusing on CV writing and interview skills. Youth were then invited to attend one

of 3 jobs fairs held in the West Bank in order to meet companies interested in employing graduates.

The project results were:

- ❖ 26 Employment skills training programs provided to train 581 young people.
- ❖ 423 young people attended jobs fairs held in Nablus, Ramallah and Hebron which were attended by 47, 15 and 17 companies respectively.

➤ **Career Counseling Project**

A project implemented by Sharek Youth Forum in West Bank in the period from July, 2011 until January ,2012 with the fund of UNDP(Spain) and the ILO.

The main aim of the project was: enhancing the labour market prospects of young girls and women in the West Bank by developing the capacity of young girls and women and equipping them with new skills to support their participation in the labour market and strengthening the network of active young leaders with the skills to disseminate life and work skills through their communities.

The target group was young women between the age of 18 – 28 years who were also identified as being vulnerable to labour market isolation due being from low income background .The project illustrated some of the problems encountered by young women in marginalized communities in the West Bank, and in Palestine as a whole. The high unemployment rates have influenced young women disproportionately, as they are affected by particular lack of access to jobs and livelihood opportunities.

The project result was 60 young women given ICDL and TOT training orientated around leadership, CV, and communication skills.

➤ **Cash for Internship**

The project was under the umbrella of The Palestinian community assistance program which was funded by the USAID; it was implemented by the Catholic Relief Service INGO in Gaza Strip.

The project was a short-term intervention by CRS in partnership with local NGOs to provide a job opportunity; it can be described as an internship from three to six months for university and vocational schools graduates in different local businesses and civil society organizations in Gaza Strip .The CRS rule for its employer partners(profitable business) from the private companies that they have to pay 25percent from the intern salary, while the rest (75percent) will be paid by the CRS; for the civil society organization the CRS

paid 100percent of the interns salary. The project started in 2011 for 3 years and targeted youth unemployed graduated aged 22-28 years old who have not benefited from similar projects before also with grade points 65percent minimum.

The project results were:

- ❖ 170 interns had an internship opportunity with a profitable business for 5 months
- ❖ 170 interns had an internship opportunity with a non profitable business for 5 months
- ❖ 212 Vocational interns had an internship opportunity with vocational employers for 4 months.

The CRS started another project with the same criteria and conditions in the end of 2016 with the fund of the USAID .

➤ **Job Creation Programme (JCP)**

The project implemented by United Nation Relief and Work Agency in Gaza Strip and the West Bank. It started in 2010 and it aims to ease the impact of widespread poverty and protracted conflict by providing short-term employment opportunities to refugees. The program injected cash into the local economy and supports the private sector through additional human resources. Its innovative approach prioritises employment opportunities for youth, women, people with disabilities and other vulnerable group.

Positions through the program range from three months duration for unskilled workers to one year for professionals. In order to provide WBGS's best and brightest university graduates with much needed and deserved work opportunities, JCP offers one-year employment for the 600 top graduates from WBGS's universities and colleges.

Through the JCP, UNRWA works with partners such as external organization, municipalities, NGOs, universities and businesses. The program priorities placing JCP employees in projects that maintain and rehabilitate public infrastructure, boost the private sector, improve environmental conditions and target disadvantaged groups.

➤ **Youth Business Support Units**

A project implemented in Gaza Strip and the West Bank by Sharek Youth Forum 2008 with the fund of UNDP-PAPP, Islamic Development Bank and Al-Aqsa Fund. The project took a place in the period from January 2008 to January 2010.

The project provided the necessary services and resources for a start-up business to succeed. The units were equipped with computer labs, working spaces, training halls and a competent team that provided guidance and support to young entrepreneurs. The target group was youth aged 18-30 with a business idea who were also facing household poverty.

The project results were:

- ❖ Expert training provided to 413 individuals
- ❖ 182 households received business start-up grants
- ❖ 87 households experienced increases in monthly income
- ❖ 161 businesses sustained over the lifetime of the project
- ❖ 2 business incubation units established and operating

3.5. International Aid Flows to Palestine after Oslo

International aid is linked to political and economic motivation most of the time. After Oslo agreement between the Palestinians and the Israelis in September 1993, in October of the same year the international donor community held a conference in which 42 nations and institutions took part in order to adopt a specific strategy for providing financial and technical assistance to the new Palestinian National Authority. This assistance aim to empower the PNA to administer the Palestinian areas, implement projects for restoring infrastructure, establish facilities and institutions also to manage the funding of the comprehensive development process.

Three months after the conference, the contribution commitments totaled to \$2.4 billion which created the “peace dividend” and a five-year funding for reconstructing and developing the Palestinian economy and infrastructure. Assistance funds totaled to more than \$6 billion at the end of the first half of 2004, resulting in an average annual per capita assistance level of \$310 per person, considered one of the highest levels of aid in the world (Birzeit University, 2004).

The financial pledges took various forms, under substantial conditions and were funneled in to the PNA in a disorganized manner. However, it is important to mention that a substantial portion of this fund has been paid to cover the fees of foreign advisers and experts. Moreover, this fund was a pressure tool, its flow depends on the progress of the peace process, and a large portion of it has been directed to prevent the collapse of the peace process.

Figure (3-1) shows the flow of the annual international aid which was provided to Palestinians from 1995 until 2016, the period after Oslo to present can be divided to four main stages according to political and significant events:

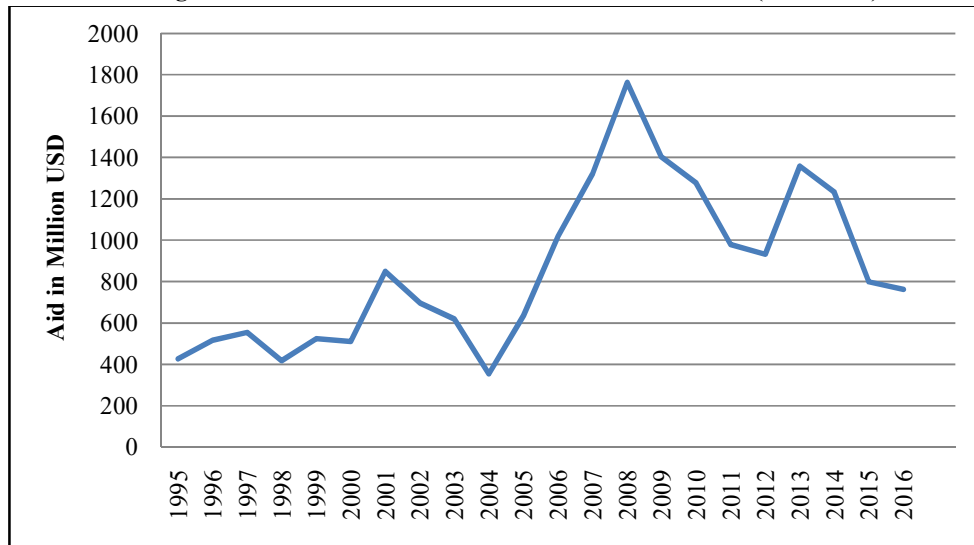
First stage, from 1994 to 2001, this stage witnessed the establishment of the P.N.A. The international aid for Palestine during this period ranged about 500 million dollar annually. The funding priorities were directed toward infrastructure projects, social service projects, institution-building projects and Productive sectors projects (Shaban, 2006). That led to a tangible improvement in a number of economic and social indicators in the Palestinian territories because of the aid flow, which led to a remarkable rise in the Palestinian GDP and decline in unemployment and poverty rates.

The second stage, from 2002 to 2004, which witnessed the outbreak of the Intifadat Al-Aqsa, with the accompanying Israeli policies, inflicted excessive damages on the infrastructure and superstructure of all sectors within the Palestinian territories. The impact of these measures became readily apparent in early 2001 and continued to escalate (Birzeit University, 2005). In addition, the international aid was shifted from the sustainable development programs to emergency aid, job creation and budget support at the expense of development activities (MAS, 2005).

The third stage, from 2005 to 2007, which witnessed Hamas Movement winning of the parliamentary elections in 2006, Hamas stance of refusal the Quartet principles resulted in cessation of direct financial aid to the government, cessation of transferring the tax revenue collected by Israel on behalf of Palestinians and the elected government was exposed to sanction by Israel and Western countries (Saleh, 2014). However, because of the worsening human crisis in 2006, the European Commission and Member States established the Temporary International Mechanism (TIM) to support directly the Palestinian population and bypass the Hamas Government .The TIM, channel the aid every 3 months for three years, it addressed the basic social needs of the Palestinian population and focuses on delivering aid to the poorest Palestinians (EC, 2008).

The fourth stage, since 2008, in 1 February 2008, the EU launched Mécanisme Palestino-Européen de Gestion de l'Aide Socio-Economique (PEGASE) -Palestinian-European Mechanism for the Management of Socio-Economic Aid .The new European Mechanism to support the EU is providing direct financial assistance to the Palestinian Authority to help it deliver public services, also to support the Palestinian development process through the INGO (EC, 2008).

Figure 3-1: International Aid flows to Palestinians from (1995-2016)



Source :(PCBS, 2016)

An interesting question is what drives changes in aid over times, and whether aid tends to flow in during periods of weak economic activity and high unemployment—that is, when is mostly needed. To answer this question a linear regression analysis was conducted to examine the relationship between the change in international aid and changes in unemployment, using quarterly data from 2005 until 2016 taken from MAS centre quarterly reports. The change in the total amount of the international aid is the dependent variable and the change in unemployment rate is the independent variable.

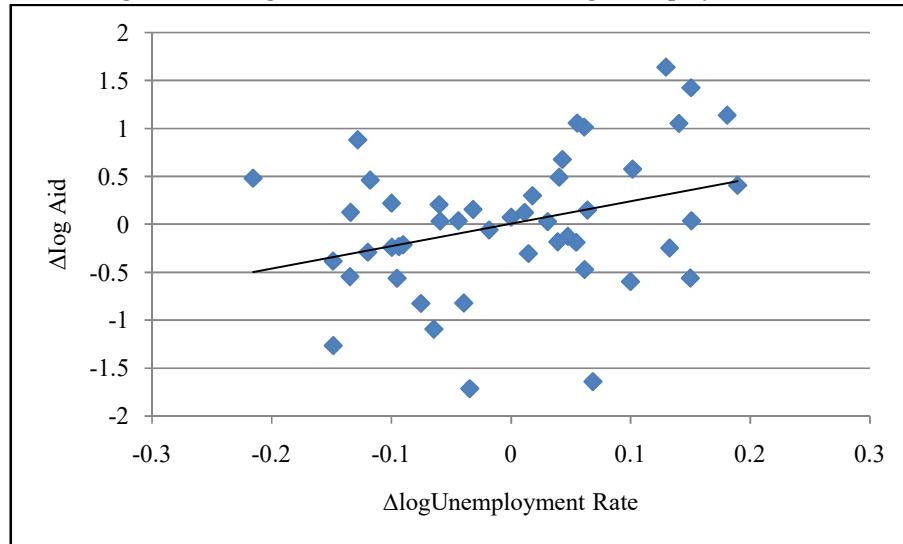
The results of this exercise are reported in table 3-1 and suggest that an increase in unemployment growth rate of one percentage point increase the aid by 2.3 percentage point. Also, the coefficient of the unemployment variable (2.34) indicates the worsening of economic condition which influences the changes in international aid.

Table 3-1: Linear Regression of $\Delta \log$ International Aid on $\Delta \log$ Unemployment Rate

	B	S.E.	t -statistics	P-value
Constant	0.005506	0.100143	0.055	0.9564
$\Delta \ln$ Unemployment Rate	2.341868	0.989126	2.368	0.0223 *

Note: * denote significance at 10 percent

Figure 3-2: $\Delta \log$ International Aid versus $\Delta \log$ Unemployment Rate



As shown in the Figure (3-2) above, the model shows significant positive relationship between the change in international aid and the change in unemployment rate. The results reflect the reality in describing the relationship as the donors tend to increase their fund when the situations get worse. In another words, in Palestine the international aid depends on unemployment rate, so when the unemployment rate in the Palestine increases, the donors tend to increase their job creation and relief projects as well as increase their transfer of total international aid flow to the Palestinians.

3.6. Conclusion

In this chapter, we reviewed the INGOs which operate in Palestine and tracked its evolution, role in development and fields of work. In addition, we highlighted the most important donors in Palestine and their most important projects which aim to reduce the unemployment rate, create new job opportunities and activate the local labour market.

Besides, the chapter traced the flows of the international aid in Palestine and studied the effect of the change in the international aid on the change in unemployment rate; the regression analysis showed that on average over the period 2005-2016 the relationship was positive and it was explained as the donors tended to increase their aid when the unemployment rate increased.

4. A Survey on Palestinian Labour Market: Methodology, Results and Comments

4.1.Introduction

This chapter reports the original part of the Palestine survey on the labour market of Palestine. We used the survey as a research tool in our study; the survey method is the most frequently used type of self-research report (Gay, 1987). It provides an opportunity for the researcher to collect data from a population in order to determine the current status of that population with respect to one or more variables. It has been used in many fields such as in political science, education and economics (Abdullah and Raman). Survey instruments include questionnaires and individual interviews. Information collected by these methods are often quantifiable (Borg and Gall, 1989). The main purpose of survey research is to obtain standard information from all subjects in the sample in order to generalise the findings (Gall et al., 1996).

The aim of our survey is to examine the role of short term employment project in creating and providing job opportunities for graduates in Palestine and its impact on the beneficiaries. For this purpose, we followed mainly quantitative research approach; one important feature of quantitative research is that the process of data collection can combine both descriptive and analytical summaries (Smith et al., 1994). The aim of most quantitative research is to test hypotheses and theory. Alternative explanations of results are offered and the need for further studies is often provoked and challenged (Borg and Gall, 1989).

After reviewing many studies related to the subject of the research and identifying the main aims of our survey, we designed by the survey and modified according to the recommendations of the thesis supervisors. Then, the survey was translated to Arabic language and Google doc tools were used to build online survey in order to collect data from the population in West Bank and Gaza Strip.

The population of this research consists of graduates in Gaza Strip and West Bank in general and the graduates who were involved in the short-term employment programs in particular over the last two decades. At that time, the short-term employment projects were started by the INGOs as a way to reverse the dramatic deterioration in the political and economic conditions in general and significant deterioration in unemployment in particular.

Data were collected on a purpose sample (i.e. not probabilistic sample) in the period from September 2016 until the end of January 2017; 611 responses were gathered, 364 from Gaza Strip and 247 from the West Bank.

The cross-sectional survey consists of three main sections:

1. The first section includes the primary information about the socio demographic characteristics of participants.

2. The second section includes three main fields regarding the opinions of the interviewed about:

- ❖ The improving of his/ her economic situation.
- ❖ The improving of his /her employability .
- ❖ The solving of the unemployment problem in Palestine.

We used the five-point Likert’s scale to measure responses on questionnaire items. In terms of the agreement strength, the results ranging is shown in table (4-1) below. Numbers assigned to importance (1, 2, 3, 4, 5) do not indicate that the interval between scales are equal, nor do they indicate absolute quantities. They are merely numerical labels.

Table 4-1: Likert's Scale

Scale	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Relative Weight	5	4	3	2	1

3.The third section regarding the opinions of the interviewed about the Palestinian labour market, it includes two multiple choices questions and one open-end question

- ❖ To augment employment, government or private firms should invest more in:
 - Agriculture
 - Industry
 - Services
 - Other sector.....
- ❖ From your point of view which of these reasons play a bigger role in unemployment problem in Palestine
 - Palestinian internal conflict.
 - Israeli occupation, wars and measures.
 - Others:.....
- ❖ What are your suggestions to solve the problem of unemployment in Palestine?

4.2. Statistical Analysis

In order to extract information from collected data, different statistical analysis tests have been performed. These statistical tests could be parametric tests or non-parametric tests. Identification of the statistical tests types depends on testing the normality of the collected data; if the collected data is normally distributed, parametric test will be used. While, if the collected data is non-normally distributed, then non-parametric tests will be used. In the following section, normality test will be applied to identify the type of the statistical tests.

➤ Test of Normality

To examine normality distribution of Data, the One-Sample Kolmogorov – Smirnov Test is used. This test is designed to find out whether the data follow a normal distribution or not. Such a test is necessary for hypotheses testing because most parametric tests require normally distributed data.

Table 4-2: One-Sample Kolmogorov-Smirnov Test

	SECTION	Most Extreme Differences	
		Std. Deviation	P-value
1	Improving the economic situation of the beneficiaries	0.914	0.374
2	Improving the employability of the beneficiaries	1.210	0.107
3	Solving the unemployment problem in Palestine	1.362	0.055
	All Sections	0.796	0.550

As shown in the Table (4-2), test results of the probability value of each dimension are more than 0.05 p-value. > 0.05), which indicates that data follow a normal distribution and therefore parametric tests, will be used such as Cronbach's Alpha for reliability Statistics, Pearson correlation coefficient for validity, frequency and descriptive analysis.

➤ Statistical Validity and Reliability (Pilot Study)

This section addresses the examination of validity and reliability of the questionnaire in terms of the sincerity of the questionnaire. Validity refers to the degree to which an instrument measures what it is supposed to be measuring. Whereas the reliability of the instrument refers to the consistency in the obtained results if the same measures has been used in different occasions or applied on different participants (Easterby-Smith, Thorpe, & Lowe, 2002). To insure the validity of the questionnaire, two statistical tests were applied. The first test is Criterion-related validity test (Pearson test) which measures the correlation coefficient between each item in the field and the whole field. The second test is structure validity test (Pearson test) that used to test the validity of the questionnaire structure by

testing the validity of each field and the validity of the whole questionnaire by measuring the correlation coefficient between one field and all the fields of the questionnaire that have the same level of similar scale. (Pilot and Hungler, 1999). Then the reliability of the questionnaire includes the coefficient Cronbach's coefficient alpha to ensure the questionnaire stability.

Internal Validity

Internal validity of the questionnaire was the first statistical test conducted on a pilot study sample of the first 50 responses. The internal validity was conducted by measuring correlation coefficients between each paragraph in one field and the whole field. Pearson correlation coefficients and p- value were summarized in the Table (4-3).

Table 4-3: Internal validity for the survey paragraphs

No	SENTENCE	Pearson Correlation	P-Value (Sig.)
First Field: Improving the economic situation of the beneficiaries			
1	Before having this employment opportunity I was totally without any job (paid or voluntary)	0.315	0.026*
2	This employment opportunity was the first paid work experience which I had in my career.	0.487	0.000**
3	Before this opportunity I was dependent on my family financially	0.459	0.001**
4	The salary I received while participating in this opportunity was good enough for me	0.587	0.000**
5	The salary I had from this opportunity helped me to pay for the basic life needs (food , rent ...etc.)	0.489	0.000**
6	The salary I had from this opportunity helped me to pay back some debts I had	0.467	0.001**
7	The salary I received while participating in this opportunity helped me to start my own project	0.415	0.003**
8	The financial compensation I received while participating in this opportunity improve my economic situation	0.634	0.000**
9	The financial compensation I received while participating in this opportunity improve my family economic situation	0.733	0.000**
10	During this opportunity I was the only member in my family who have income	0.479	0.000**
11	The financial compensation I received helped my family to pay the education expenses of other members in our family (sisters and brothers)	0.709	0.000**
Second Field: Improving the employability of the beneficiaries			
1	This work experience helped/will help me to find another job opportunity after it was ended.	0.581	0.000**

2	The work opportunity helped me to be develop my personal skills (communication, decision making,etc.)	0.799	0.000**
3	The work opportunity helped me to develop my managerial skills (Problem solving , decision making, working under pressure ...etc.)	0.866	0.000**
4	The work opportunity helped me to improve my IT (Computer using)skills	0.867	0.000**
5	The work opportunity helped me to develop my English language skills	0.809	0.000**
6	This work experience added/will add a lot to my CV , it makes difference for my future job applications	0.845	0.000**
7	I become more motivated about searching on a job because of this work opportunity	0.808	0.000**
8	The work opportunity helped me to feel more confident about my professional abilities in my field of work	0.796	0.000**
9	The work opportunity period helped me to understand the local labour market and its requirement.	0.824	0.000**
10	This experience allowed me to build effective relationships with employers in the local labour market	0.797	0.000**
11	The work opportunity provided me with the practical training which I did not have during my university study	0.820	0.000**
Third Field: Solving the unemployment problem in Palestine			
1	The INGOs employment project plays a tangible role in unemployment crisis reduction in Palestine	0.790	0.000**
2	The employment projects is useful but the unemployment problem in Palestine need a better solution	0.445	0.001**
3	The jobs opportunities which is provided by the INGOs employment project contribute in the youth professional growth	0.822	0.000**
4	The INGOs employment projects covers the lake of the government role in providing new jobs for youth and solving the unemployment problem (depending on your area government)	0.792	0.000**
5	The INGOs employment projects activate the Palestinian local market by providing employees to the employers.	0.788	0.000**
6	The INGOs employment projects connect youth to the local market	0.811	0.000**
7	After the Palestinian internal conflict , the job opportunities which is provided by the NGOs' projects are the best choice for the people who have	0.708	0.000**

	not political trends		
8	The NGOs' projects help the continuity of the small businesses by providing employees for the owners who are not able to hire staff and pay for it	0.768	0.000**
9	The INGOs employment project plays a tangible role in filling the gap between the theoretical study which is provided by the Palestinian universities	0.542	0.000**
10	The INGOs employment projects are useless and have no impact on the beneficiaries	0.289	0.021*
11	The INGOs employment projects have not any real goals and aims	0.323	0.011*
*. Correlation is significant at the 0.05 level (2-tailed).			
**. Correlation is significant at the 0.01 level (2-tailed).			

As shown in the Table (4-3), the correlation coefficients are significant at the level of 0.05, where the probability value of each paragraph is less than 0.05. Therefore, the paragraphs of the questionnaire are consistent and valid to measure what they were set for.

Structure Validity

Structure validity is the second statistical test used to test the goodness of the questionnaire structure. It measures the correlation coefficient between one field and all the fields of the questionnaire.

Table 4-4: Structure validity of the survey

No	SECTION	Pearson Correlation	P-Value (Sig.)
1	Improving the economic situation of the beneficiaries	0.788	0.000**
2	Improving the employability of the beneficiaries	0.908	0.000**
3	Solving the unemployment problem in Palestine	0.874	0.000**
**. Correlation is significant at the 0.01 level (1-tailed).			

As shown in the Table (4-4) the correlation values range from 0.788 to 0.908 with P-value = 0.00. Thus, they are significant at $\alpha = 0.05$ and the paragraphs are consistent and valid to measure what it was set for in order to achieve the main aim of the study.

Questionnaire Reliability

The questionnaire reliability was measured by applying Cronbach's Alpha test on the questionnaire fields. This test is used to measure the reliability of the questionnaire fields and the mean of the whole fields of the questionnaire. The value of Cronbach's Alpha coefficient lies between (0 -1), the higher the value of Cronbach's Alpha coefficient the higher the reliability of the measured items and it equals the square root of the Cronbach's Alpha coefficient.

Table 4-5: Reliability of the survey

No	SECTION	Cronbach's Alpha	No of Items
1	Improvements the economic situation of the beneficiaries	0.737	11
2	Improvements the employability of the beneficiaries	0.940	11
3	Solving the unemployment problem in Palestine	0.866	11
All Sections		0.931	33
**. Correlation is significant at the 0.01 level (1-tailed).			

As shown in Table (4-5), the Cronbach's coefficient alpha was calculated and the general reliability for all items equals 0.931. This range is considered high; which indicates excellent reliability value for the entire questionnaire.

4.3. Inferential Statistics

4.3.1. Statistical Analysis for the Survey (First Section)

In this part, the collected data from the first section will be described and analysed. We collected data about the socio demographic characteristics (SDC) of the Palestinian graduates, whether they were involved or not in the NGOs' short term employment projects, in order to study the effect of SDC on employment status.

Table (4-6) demonstrates the sample characteristics and personal traits according to residency, gender, age, marital status, head of family, educational level, educational disciplines, university type, if there are involved in NGOs' short- term employment projects and if they are currently employed. Responses from Gaza Strip are 59.6percent while those from the West Bank are 40.4percent. The female participation in the responses is equal to 55.6percent while that one of males is equal to 44.4percent. The majority of the respondents (87percent) are under the age of 35 years. The percentage of the employed respondent is 40.4 percent and the rest of them are unemployed. Further, 53.4percent of the respondents were involved in the NGOs' short-term employment projects.

Table 4-6: Socio demographic characteristics of the study sample

	Number	Percentage
Residency		
Gaza Strip	364	59.6
West Bank	247	40.4
Sex		
Female	340	55.6
Male	271	44.4
Age		
Less than 25	111	18.2
25-29	336	55.0
30-35	85	13.9
More than 35	79	12.9
Marital Status		
Married	280	45.8
Not married	331	54.2
Head of Family		
Yes	186	30.4
No	425	69.6
Educational Level		
Bachelor	530	86.7
Master	81	13.3
Educational Disciplines		
Social Science	442	72.3
Applied Sciences	131	21.4
Natural Sciences	38	6.2
University Type		
Palestinian	589	96.4
Non Palestinian	22	3.6
Involved in NGOs' Short- Term Employment Projects		
Yes	326	53.4
No	285	46.6
Currently Employed		
Yes	247	40.4
No	364	59.6

To better understanding the unemployment problem in Palestine, we need to examine if there is a relation between the individual's socio demographic characteristics and his/ her employment status. In addition, we are interested to know the socio demographic

characteristics that can enhance the Palestinian graduates' opportunities in having a job in the Palestinian labour market. In this point, we need to formulate and verify the following hypothesis:

“Do Socio demographic characteristics (residency, gender, age, Marital Status, head of the family, educational level, educational disciplines, university type) affect the employment status in Palestine?”

Regression models allow for group comparisons adjusting for demographic and socioeconomic variables; however, it should be noted that regression-adjusted comparisons might still provide misleading results when other important variables that might have an effect are omitted (Rodokanakis and Vlachos, 2010). Due to the binary nature of the dependent variable a logistic regression model is used, in order to investigate the effect of socio demographic characteristics on employment status.

Our starting point is a general theoretical model:

$$\logit P(ES = 1|R, G, A, MS, HF, EL, ES, UT) = \beta_0 + \beta_1R + \beta_2G + \beta_3A + \beta_4MS + \beta_5HF + \beta_6EL + \beta_7ESp. (1) + \beta_8ESp. (2) + \beta_9UT \quad (4.1)$$

Where

- ❖ ES is the Employment Status (0= unemployed, 1= employed)
- ❖ R is the Residency (0=Gaza Strip, 1= West bank)
- ❖ G is the gender (0=female, 1=male)
- ❖ A is the age is a continuous variable
- ❖ MS is the marital Status, (0= married, 1=not married)
- ❖ HF is the head of the family (0= no, 1=yes)
- ❖ EL is the education level (0= bachelor,1=master)
- ❖ ESp. is the education specialization (0=humanities and social science ,1=applied science,2=natural science)
- ❖ ESp.(1) is the applied science compared to humanities and social science.
- ❖ ESp.(2) is the natural science compared to humanities and social science.
- ❖ UT is the university type (0= Palestinian, 1 = non-Palestinian)

Table 4-7: Socio demographic characteristics effect on employment status

Independent Variables	B	S.E.	Wald	df	Sig.	Exp(B)
Residency(1)	1.432	.190	56.948	1	.000	4.186
Gender (1)	.289	.212	1.857	1	.173	1.335
Age	.158	.033	22.365	1	.000	1.171
Marital status(1)	-.294	.202	2.116	1	.146	.745
Head of Family(1)	-.089	.247	.129	1	.719	.915
Education Level(1)	.844	.269	9.857	1	.002	2.325
Education Specialization			12.987	2	.002	
Education Specialization(1)	-.627	.230	7.432	1	.006	.534
Education Specialization(2)	-1.134	.424	7.165	1	.007	.322
University Type(1)	.688	.501	1.886	1	.170	1.989
Constant	-5.222	.965	29.314	1	.000	.005
Over All Model Evaluation						
-2 Log likelihood base line model			824.486		R²	.21
-2 Log likelihood of estimated model			721.683			
			χ^2	Df	Sig.	
Omnibus Tests (LRT)			102.800	9	0.000	
Hosmer and Lemeshow Test			3.956	8	0.861	

Note: estimates based on equation (4.1). Residency (1) indicates West Bank, Gender(1) indicates male, Marital status(1) indicates not married, Head of Family(1) indicates yes, Education Level(1) indicates master, Education Specialization(1) indicates applied science compared to humanities and social science , Education Specialization(2) indicates natural science compared to humanities and social science , University Type(1) indicates non-Palestinian.

In order to examine the fitness of the model, two test were used—that is the Omnibus test of model coefficients and Hosmer and Lemeshow test.

The Omnibus Tests of Model Coefficients is used to check if the new model improved over the baseline model, that is Omnibus test statistic null hypothesis indicates that there is no difference between the Log-likelihoods (specifically the -2LLs) of the baseline model and the new model. The test resulted that the p-value is less than 0.05; thus, we reject the null hypothesis which means that there is difference between the Log-likelihoods of the baseline model and the new model. Also the new model has to reduce -2LL compared to the baseline model which implying that the new model is explaining more of the variance in the outcome. Thus, it is well-fitting model. As shown in the table (3-7) ($\chi^2=102.800$, $df=9$, $p\text{-value}=0.000$); therefore, our new model is significantly better.

The Hosmer and Lemeshow Test goodness-of-fit test statistic is greater than 0.05, that means fail to reject the null hypothesis that there is no difference between observed and model-predicted values, implying that the model’s estimates fit the data at an acceptable level. That is, well-fitting models show non-significance on the H-L goodness-of-fit test. As shown in the table (4-7) ($\chi^2=3.956$, $df=8$, $p\text{-value}=0.861$) This desirable

outcome of non-significance indicates that the model prediction does not significantly differ from the observed ; therefore, our model is quite a good fit.

The value of the R Square =0.21 which indicates that 21 percent of the variance in the employment status is explained by socio demographic characteristics.

Interpreting the model:

- ❖ Residency contributes to explain the variance of the dependent variable; the predicted Probability is for being employed, thus the odds of being employed is 4.186 times greater for residence of West Bank compared to residence in the Gaza Strip.

This is a logical result as Gaza Strip unemployment rate is higher than the rate in the West Bank because it suffers from continuous deterioration of the situation in all life respects, especially on the economic side.

- ❖ Age contributes to the model; the odds of being employed is 1.171 times greater for an older person, in another words it means for one additional year in age , the odds of being employed will increase by 1.171 times.

The reason which led to this result is that the older people had a better condition in their time of graduation, especially the graduates before 2006 when the Palestinian internal conflict occurred. One of the consequences of the internal conflict the official government (PNA) stopped hiring in Gaza Strip and no jobs were announced for governmental positions since that time. On the other hand, Hamas government in Gaza Strip is unable to hire because of the Financial Shortfall, it hires graduates for short-term contract with low salary and no employees' rights.

- ❖ Education level contributes greatly to the model. The odds of being employed is 2.325 times greater for holders of master degree compared to holders of bachelor degree. Effectively, there are few people with a master degree, while the number of bachelor graduates is continuously increasing. Indeed, most students prefer to look for jobs immediately after graduation, especially since the study of the Masters in Palestine is financially expensive.
- ❖ Education specialization contributes to the model. In the table, the Wald test of the overall contribution of multi-category variables, as well as a test of the contribution of each parameter are shown. Education specialization (1) has a negative coefficient, which means that the reference group humanities and

social science has more employed individuals than the applied science. Thus, the odds of being employed for the graduates from applied science are lower by 0.534 times than the graduates of the humanities and social science. Respectively, education specialization (2) has a negative coefficient, which means that the reference group humanities and social science has more employed individuals than the natural science. Thus, the odds of being employed for the graduates from natural science are lower by 0.322 times than the graduates of the humanities and social science.

- ❖ The other variables are not significant and do not contribute to the model; however, for the target group (employed) it is worthy to notice that it has more males than female, more married than not married, more of those who are not head of family compared to those who are, more of those who graduated from non-Palestinian University compared to the ones who graduated from Palestinian University.

The result of the regression shows that there is a significant relationship between the dependent variable, which is the employment status, and the following independent variables: residency, age, educational level and educational specialization.

The final estimated statistical model is:

$$\text{logit}P(ES = 1|R, A, EL, ESp.) = -5.22 + 1.43R + 0.16A + 0.84EL - 0.63ESp.(1) - 1.13ESp.(2) \quad (4.2)$$

We then proceed to verify the following hypothesis

“Do the NGOs’ short-term employment projects affect the employment status of the Palestinian graduates in the Palestinian labour market?”

The aim of this part of the analysis is to estimate the effect of short-term employment programs on the participants (treatment group) by studying the differences in observable characteristics between those who did participate in training programmes (treatment group) and those who did not (control group). Propensity score matching is used to achieve this goal.

Propensity score matching (PSM) is becoming one of the most popular methods in medical trials and in the evaluation of economic policy interventions especially evaluating labour market policies; it is a mathematical tool for casual inference in non-randomized studies. Rosenbaum and Rubin (1983) as a method to reduce the bias in the estimation of treatment effects with observational data sets proposed it. When PSM is well implemented,

it has been shown that the results obtained through this analysis are more comparable to those obtained through a randomized experimental design (Luellen et al., 2005). The logic behind propensity score methods is that balance on observed covariates is achieved through careful matching on a single score – the estimated propensity of selecting the treatment, or simply the propensity score.

The propensity score is defined by Rosenbaum and Rubin (1983) as “the conditional probability (P) of assignment to a particular treatment (T) given a vector of observed covariates (X)” and is expressed as:

$$e(x)=P(T = 1 |X)$$

Where, $e(x)$ is the abbreviation for propensity score, P a probability, $T=1$ a treatment indicator with values 0 for control and 1 for treatment and X is a set of observed covariates. In other words, the propensity score expresses how likely a person is to be assigned to a treatment condition based on a set of covariates, e.g. person characteristics. This score is useful because it can be used to match participants from the treatment condition to participants from the control condition who have a very similar estimated propensity score (Thoemmes, 2012).

Matching on propensity scores is the most commonly reported conditioning approach (Thoemmes and Kim, 2011). The aim of matching is to re-establish the conditions of an experiment, constructing a suitable comparison group for the treatment group. Both groups should be as similar as possible in their observable characteristics. Within a region of common support or shared overlap in the distribution of propensity scores between groups, participants are matched, whereas those that do not have similar likelihoods are discarded (Keiffer and Lane, 2016). Matching strategy builds on the conditional independence assumption (CIA): $Y_1, Y_0 \perp X$. The matching strategy builds on the CIA, requiring that the outcome variable(s) must be independent of treatment conditional on the propensity score. Hence, implementing matching requires choosing a set of variables X that credibly satisfy this condition (Caliendo and Kopeinig, 2008).

The main assumption is that selection bias is eliminated by conditioning on a set of observable variables (Heckman et al. 1997). Therefore, the outcome is the same for treated (Y_1) and non-treated people (Y_0), conditioning on those variables (X):

$$P(T = 1 |Y_0, Y_1, X) = P(T = 1 |X), \text{ i.e., } (Y_0, Y_1) \perp T |X .$$

Selection bias comes from the differences between treated and non-treated outcomes in absence of treatment. There can be three kinds of selection bias: because of comparing

non-comparable subjects, because of a different distribution of the observable characteristics or because of non-observable characteristics. Matching tries to reduce this selection bias in the following ways: comparing comparable individuals, assigning weights to individuals in order to obtain the same distribution of variables for both groups (treated and non-treated) and using complete data (Cueto and Mato, 2009). Thus, in order to reduce the bias caused by unobservable variables, data should be as complete as possible. (Smith, 2000).

In order to implement the matching after the propensity score, a PSM estimator needs to be used. Thoemmes and Kim (2011) note that one of the most straightforward matching estimators is nearest neighbour (NN) matching. The individual from the comparison group is chosen as a matching partner for a treated individual that is closest in terms of the propensity score. However, NN matching faces the risk of bad matches if the closest neighbor is far away. This can be avoided by imposing a tolerance level on the maximum propensity score distance (caliper). Hence, caliper matching is one form of imposing a common support condition, which will lead to avoid bad matches and the matching quality rises (Caliendo and Kopeinig, 2008).

A caliper is a maximum distance that two units can be apart from each other (on their estimated propensity scores) and is defined in units of standard deviations of the logit of the estimated propensity score. Defining a small caliper will usually result in better balance at the expense of finding fewer units that can be successfully matched. Conversely, a large caliper will retain more matches, but some of them will be slightly imbalanced, and might yield a larger bias in the estimation of the treatment effect (Thoemmes, 2012). A caliper less than 0.25 has been suggested as a reasonable distance for reducing bias between groups (Stuart, 2010).

We performed the propensity score matching using the following:

- ❖ Covariates are: gender, age, Marital Status, head of the family, educational level, educational specialization, university type.
- ❖ To perform matching, 1:1 nearest neighbour matching method was used, meaning that a single treated participant is matched to a single untreated participant who has the most similar estimated propensity score.
- ❖ To ensure good matching caliper equals 0.05 was imposed after many trials for different values of caliper.

Applying the propensity score matching by SPSS⁵ and tracking its output, the matched cases equals 414 cases, 207 control group and 207 treated groups, the propensity score matching output in the appendix (C)

Table 4-8: Sample size after propensity score matching

	Control	Treated
All	285	326
Matched	207	207
Unmatched	78	119

Before using the matched data we first need to evaluate the balance, the overall balance test and the L1 measure test are generated by SPSS for this purpose.

The overall balance test verify the null hypothesis of balance against the alternative hypothesis of unbalance (Hansen and Bowers, 2008), while the L1 statistic measures the multivariate differences between $p(X|T = 1)$ and $p(X|T = 0)$ by comparing the frequencies in the combinations of covariates between the treatment and control groups(Iacus, King, and Porro, 2009). There is no cut-off value that indicates good or bad balance, the L1 measure must rather be compared to the unmatched solution. The desired situation is when the L1 measure is lower in the matched sample than in the unmatched one (Thoemmes,2012).

Table 4-9:Overall balance test (Hansen & Bowers, 2008)

	chisquare	Df	P.value
Overall	1.728	8.000	0.988

Table 4-10:Relative multivariate imbalance L1 (Iacus, King, & Porro, 2010)

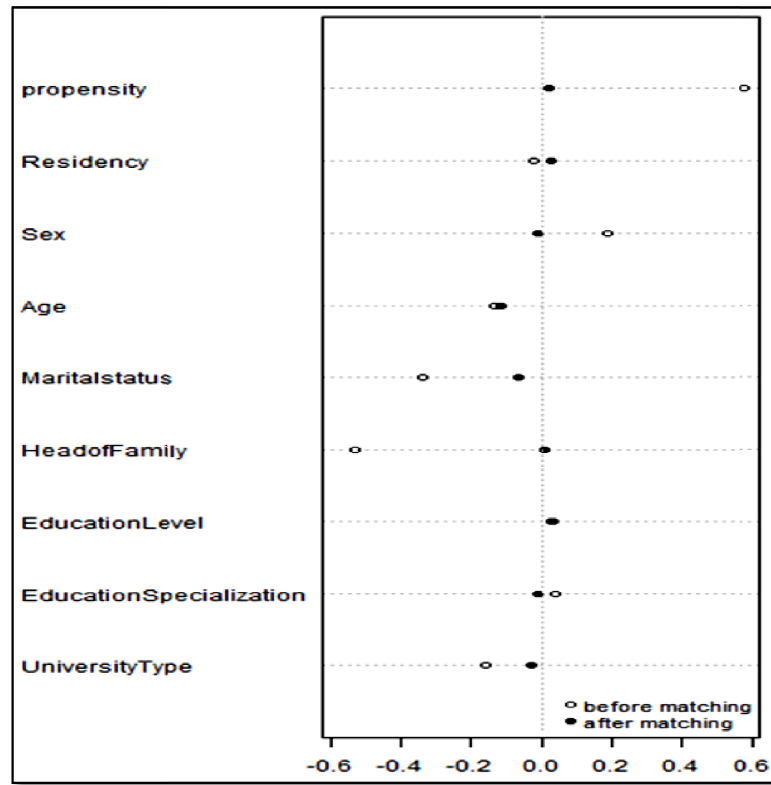
	Before Matching	After Matching
Multivariate imbalance measure L1	0.651	0.589

The overall χ^2 balance test was not significant. The Relative multivariate imbalance L1 test shows that the measure was larger in the unmatched sample (0.651) than in the matched sample (0.589), also indicating that matching improved overall balance.

⁵ In order to implement the propensity score matching using SPSS an extension command 'PS matching' needs to be installed; this extension requires both R project and the R plug-in. The extension of PS-matching in SPSS was developed by Felix Thoemmes at Cornell University, SPSS version 22 , R version2.15.0 and R Essentials 22 FP1 for windows were installed and plugged.

In addition, the adequacy of the retained matches is examined by assessing the equality of propensity scores between groups pre- and post-matching. The standardized difference in the mean propensity score between groups should be near zero post-matching (Rubin, 2001). The following three figures show the standardized difference pre- and post-matching.

Figure 4-1: Standardized mean differences for all covariates before and after matching.



Rubin (2001) suggests the standardized difference in the mean propensity score between the two groups (before and after matching) should be near zero and the mean difference is not larger than 0.25. The dotplot of standardized mean differences for all covariates before and after matching an improvement of the covariates balance and no covariate exhibits a large imbalance ($|d| > .25$). (Appendix C)

Figure 4-2: Standardized differences before and after matching

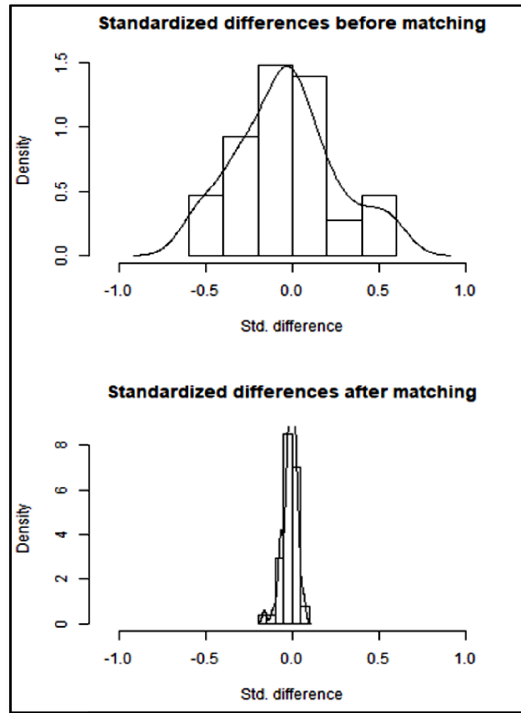


Figure (4-2) shows that the covariates overall balance was vastly improved after matching

Figure 4-3: Actual propensity score distributions of both groups before and after matching

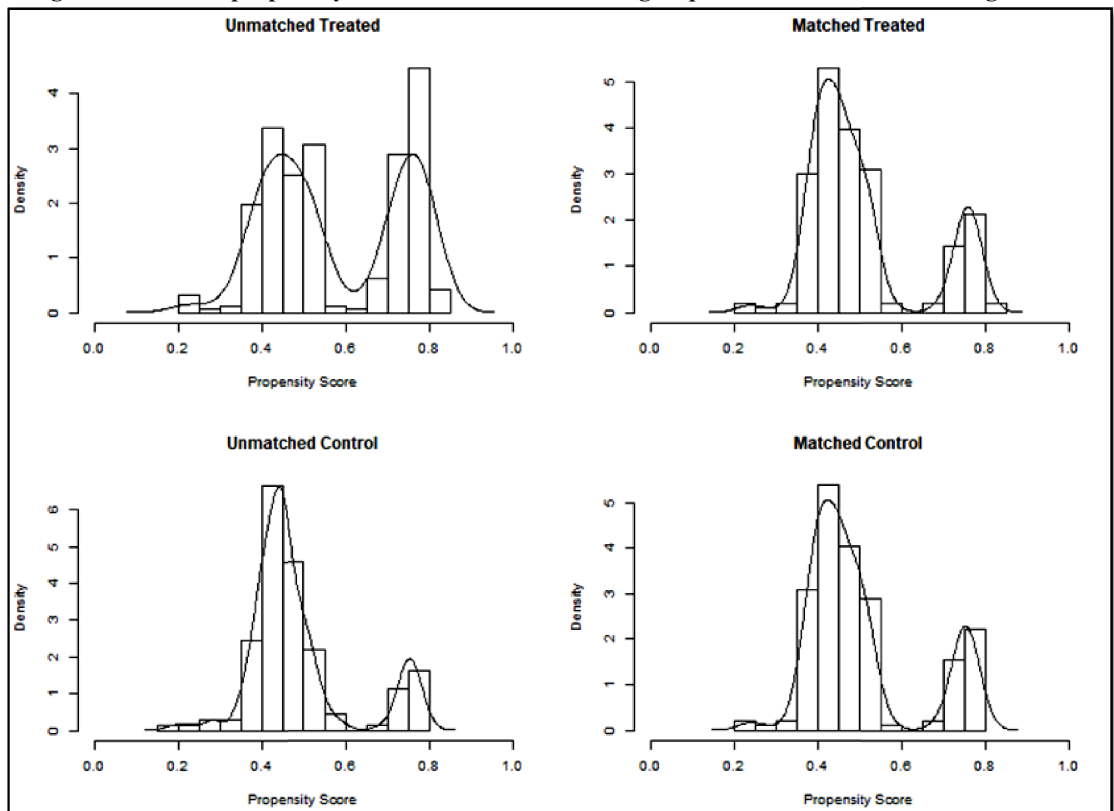


Figure (4-3) shows the distribution of propensity scores of graduates who were involved in the short-term employment projects (“treated”) and graduates who were not involved (“control”) before and after matching with overlaid kernel density estimate. The region of common support spanned almost the entire distribution of the propensity score and that only in extreme tail regions, no appropriate matches could be found.

After ensuring the matching was done correctly, we can use the matched data to measure the size effect of the treatment. As shown in the table (sample size) the matched sample equals 414, 207 from the treated group and 207 from the control group. Treatment effects may be examined as either by the average treatment effects on the population (ATE), or by the average treatment effect on the treated (ATT). $ATE = E[Y(1) - Y(0)]$ is useful to evaluate what is the expected effect on the outcome if individuals in the population were randomly assigned to treatment. (Heckman, et. al., 1997) notes that ATE might not be of relevance to policy makers because it includes the effect on persons for whom the programme was never intended. $ATT = E[Y(1) - Y(0) | T = 1]$ is useful to explicitly evaluate the effects on those for whom the programme is actually intended. In the following, we will consider ATT.

In order to measure the effect size using Cohen's *d*, independent sample t- test was conducted using the matched data. Cohen’s *d* is one of the most common ways we measure the size of an effect. Cohen’s *d* is simply a measure of the distance between two means, measured in standard deviations. The value of Cohen's *d* and the effect-size correlation, $r_{Y\lambda}$, are calculated using the means and standard deviations of the two groups (treatment and control).

$$Cohen's\ d = (M2 - M1) / SD_{pooled} ,\ where$$

$$SD_{pooled} = \sqrt{(SD1^2 + SD2^2) / 2}$$

$$r_{Y\lambda} = d / \sqrt{d^2 + 4}$$

Table 4-11: Independent sample T- test

		Levene's Test for Equality of Variances		t-test for Equality of Means				
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
ES	Equal variances assumed	10.177	.002	-1.795	412	.073	-.08696	.04845
	Equal variances not assumed			-1.795	411.662	.073	-.08696	.04845

The value in the "Sig. (2-tailed)" is 0.073 which is more than 0.05, which means that the propensity score matching was good and there is no difference between matching factors of treatment and control groups.

For the independent samples T-test, Cohen's d is determined by calculating the mean difference between two groups, and then dividing the result by the pooled standard deviation.

Table 4-12: Group Statistics

	Treatment	N	Mean	Std. Deviation	Std. Error Mean
ES	.00	207	.3768	.48576	.03376
	1.00	207	.4638	.49989	.03475

Note: Treatment (0) indicates control group, treatment (1) indicates treated group.

Using the online calculator⁶ to calculate Cohen's d and effect size r

$$\text{Cohen's } d = 0.176, r = 0.087, r \text{ square} = 0.0077$$

Cohen's d suggested that,

- ❖ $0 < d \leq 0.2$, small effect size.
- ❖ $0.2 < d \leq 0.5$, medium effect size.
- ❖ $d > 0.5$, large effect size.

The value of Cohen's d shows that the short-term employment projects in Palestine have a small effect on the employment status of the Palestinian graduates. The results of the study analysis are original because most of the previous studies about the unemployment studies were focusing on the determinants of the unemployment.

To deepen the previous analysis, we apply the logistic regression model again to the matched data, adding the treatment as one of the covariates, where T= (0= not treated or control, 1= treated).

⁶ <https://www.polyu.edu.hk/mm/effectsizefaqs/calculator/calculator.html>

Table 4-13: Socio demographic characteristics and treatment effect on employment status

Independent Variables	B	S.E.	Wald	df	Sig.	Exp(B)
Residency(1)	1.508	.237	40.496	1	.000	4.517
Gender (1)	.086	.267	.104	1	.748	1.090
Age	.174	.041	18.473	1	.000	1.191
Marital status(1)	-.319	.260	1.507	1	.220	.727
Head of Family(1)	.171	.356	.231	1	.631	1.187
Education Level(1)	.767	.326	5.554	1	.018	2.154
Education Specialization			8.885	2	.012	
Education Specialization(1)	-.748	.288	6.723	1	.010	.473
Education Specialization(2)	-.878	.495	3.154	1	.076	.416
University Type(1)	1.211	.849	2.034	1	.154	3.358
Treatment(1)	.436	.223	3.826	1	.050	1.547
Constant	-5.917	1.208	23.989	1	.000	.003
Over All Model Evaluation						
					R²	.25
	-2 Log likelihood base line model		563.360			
	-2 Log likelihood of estimated model		479.475			
			χ²	df	Sig.	
	Omnibus Tests (LRT)		83.885	10	.000	
	Hosmer and Lemeshow Test		12.932	8	.114	

Note: estimates based on equation (4.1). Residency (1) indicates West Bank, Gender(1) indicates male, Marital status(1) indicates not married, Head of Family(1) indicates yes, Education Level(1) indicates master, Education Specialization(1) indicates applied science compared to humanities and social science , Education Specialization(2) indicates natural science compared to humanities and social science , University Type(1) indicates non-Palestinian, treatment(1) indicates treated individuals.

The covariates (residency, age, educational level, education specialization) which contributed to the model before matching in equ.(4.2) are the same covariates which contributed to this model plus the treatment covariant. The model shows that the relative log odds of being in employed is 1.547 times higher for the people who were involved in the treatment than the people who were not involved in the treatment.

The estimated statistical model is:

$$\text{logit}P(ES = 1|R, A, EL, ES_p, T) = -5.92 + 1.51R + 0.15A + 0.77EL - 0.75ES_p.(1) - 0.88ES_p.(2) + 0.44T \quad (4.3)$$

After that, we applied the regression model again with imposing an interaction between the treatment variable and all the covariates in order to examine the combined effect of the variables on the employment status and to test if the effect varies across people depending on the socio demographic characteristics.

Table 4-14: The effect of treatment on the socio demographic characteristics

Independent Variables	B	S.E.	Wald	df	Sig.	Exp(B)
Residency(1)	1.611	.371	18.898	1	.000	5.007
Gender(1)	.261	.402	.419	1	.517	1.298
Age	.198	.051	14.860	1	.000	1.219
Marital status(1)	-.878	.408	4.620	1	.032	.416
Head of Family(1)	-1.151	.581	3.928	1	.047	.316
Education Level(1)	.372	.484	.591	1	.442	1.451
Education Specialization			6.462	2	.040	
Education Specialization(1)	-1.055	.442	5.701	1	.017	.348
Education Specialization(2)	-.801	.679	1.392	1	.238	.449
University Type(1)	.938	1.007	.868	1	.352	2.554
treatment(1)	.543	2.552	.045	1	.831	1.722
Residency(1) *treatment(1)	.113	.505	.050	1	.823	1.120
Sex(1) * treatment(1)	-.119	.558	.045	1	.832	.888
Age *treatment(1)	-.046	.088	.267	1	.606	.955
Maritalstatus(1) *treatment(1)	.810	.544	2.217	1	.137	2.249
HeadofFamily(1) *treatment(1)	2.342	.771	9.222	1	.002	10.401
EducationLevel(1) *treatment(1)	.679	.706	.925	1	.336	1.972
EducationSpecialization *treatment			1.221	2	.543	
EducationSpecialization(1) *treatment(1)	.599	.601	.994	1	.319	1.821
EducationSpecialization(2) *treatment(1)	-.423	1.136	.139	1	.710	.655
UniversityType(1) *treatment(1)	19.600	1.88e4	.000	1	.999	3.25e8
Constant	-5.995	1.520	15.550	1	.000	.002
Over All Model Evaluation						
-2 Log likelihood base line model			563.359		R²	.294
-2 Log likelihood of estimated model			461.402			
			χ²	df	Sig.	
Omnibus Tests (LRT)			101.957	19	.000	
Hosmer and Lemeshow Test			10.230	8	.249	

Note: Residency (1) indicates West Bank, Gender(1) indicates male, Marital status(1) indicates not married, Head of Family(1) indicates yes, Education Level(1) indicates master, Education Specialization(1) indicates applied science compared to humanities and social science , Education Specialization(2) indicates natural science compared to humanities and social science , University Type(1) indicates non-Palestinian, treatment(1) indicates treated individuals.

The result of the regression model shows that effect varies across people depending on the socio demographic characteristics. In addition, the interaction between the covariates (head of family) and treatment has an impact on the employment status, Graduates who are head of the family and involved in the treatment has 10.4 times higher for the ones who were not involved in the treatment and not head of the family.

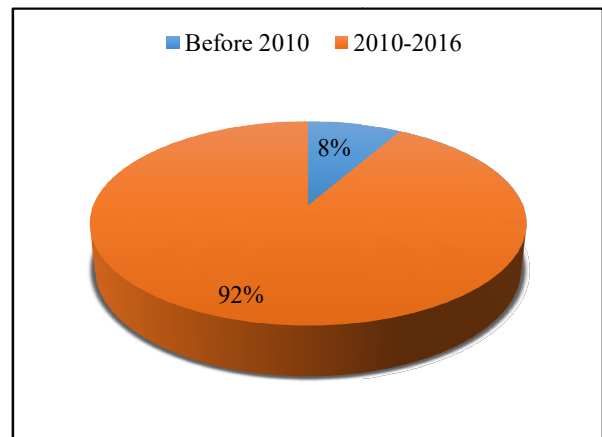
4.3.2. Statistical Analysis for the survey (second section)

In this part, the collected data from the second section will be described and analysed. This section includes 3 main fields (improving his/ her economic situation, improving his /her employability, solving the unemployment problem in Palestine) and each field contains 11 sentences which aim to evaluate the opinions of the interviewed about the fields. This section's respondents are the NGOs' short-term employment beneficiaries only.

Characteristic of the Respondents:

The number of the respondents who were involved in the short-term employment project is 326, 8percent of them were involved before 2010 and 92percent were involved after 2010 until the end of 2016, as shown in the Figure (4-4).

Figure 4-4: Respondents' distribution according to the date of involvement in the project



As shown in the Figure (4-5), 59 percent of the 326 respondents, who were involved in the short-term employment projects are currently unemployed 41percent of them are currently employed, 32percent of those have a full time job, 6percent have apart time job and 3percent are self-employed.

Figure 4-5: Employment status of the respondents

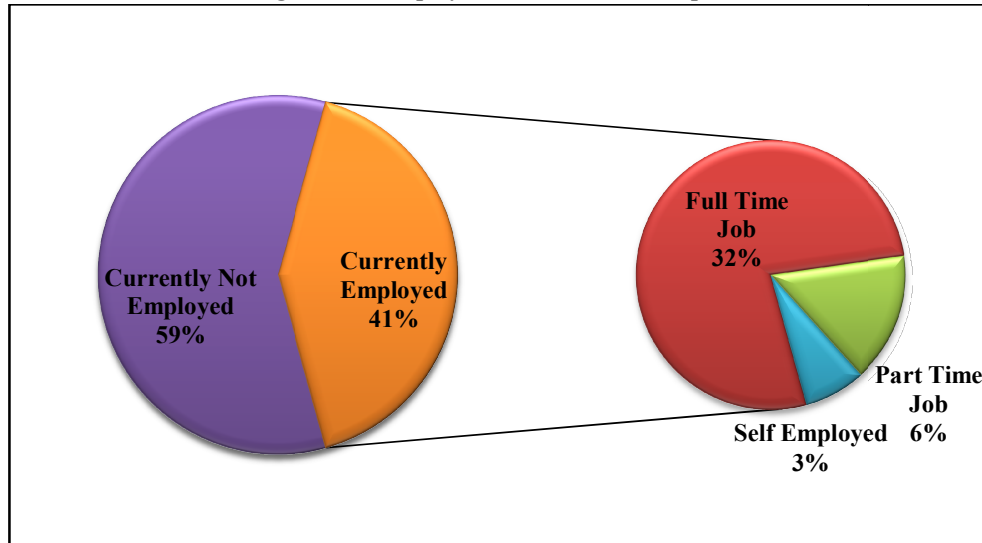
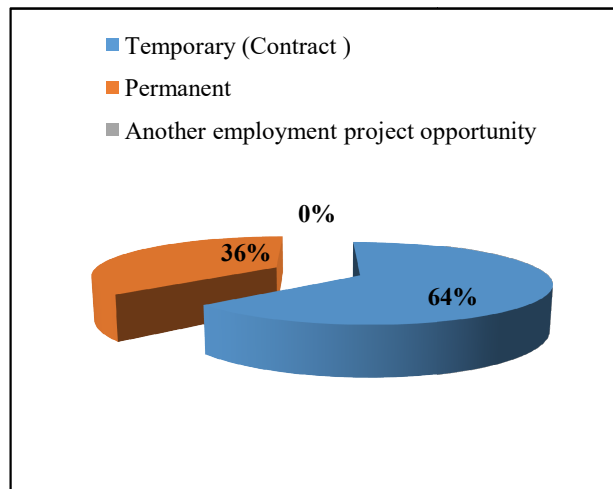


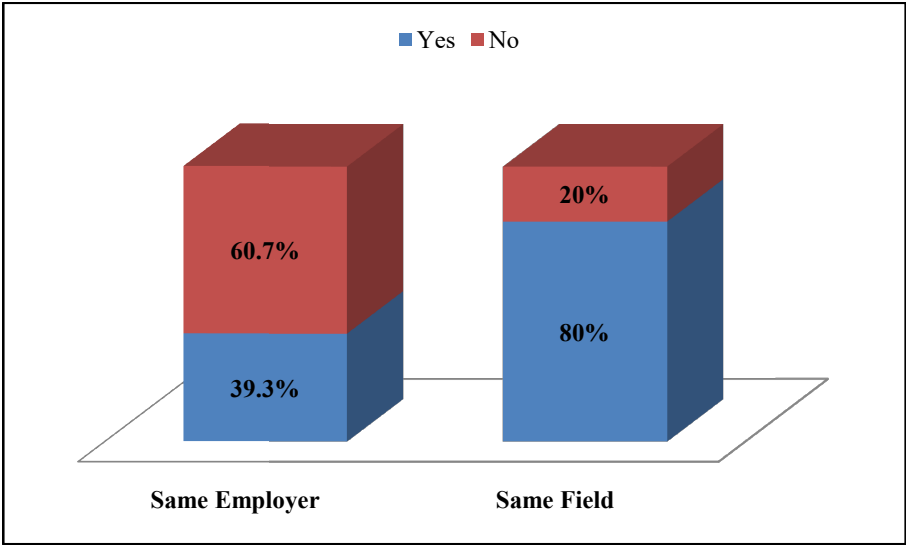
Figure 4-6: Type of employment contract of the respondents

The majority of the respondents are working in temporary jobs which can be contract with the private sectors, public sector or NGOs. As normally in Palestine the first employer who provides permanent jobs is the PNA government however due to the internal conflict the government stopped totally the hiring in Gaza Strip and reduced the hiring in the West Bank, as shown in the Figure (4-6).



As shown in the Figure (4-7) below, 80 percent of the respondents who are currently employed are working in the same field which they were working in it during the short-term employment project whereas the rest are working in different fields. 39.3percent of working respondents are still working for the same employer where they had the short-term employment project opportunity.

Figure 4-7: Distribution of the respondents according to the employer and field of work



➤ **Analysis of the respondents’ personal opinions regarding the impact of projects on improving their economic situation.(First Field)**

Table (4-15) shows the opinions of the interviewed about the role of the INGOs short term employment projects in improving his / her economic situation.

Table 4-15: Means and t- test values for paragraphs of “improving his / her economic situation” field.

	Item	Mean	S.D	Relative Weight percent	T -test	P-value (Sig.)	Rank
1.	Before having this employment opportunity I was totally without any job (paid or voluntary)	3.75	1.35	75.09	10.09	0.000*	7
2.	This employment opportunity was the first paid work experience which I had in my career.	4.20	1.11	83.99	19.47	0.000*	3
3.	Before this opportunity I was dependant on my family financially	3.93	1.17	78.59	14.30	0.000*	5
4.	The salary I received while participating in this opportunity was good enough for me	4.16	0.99	83.13	21.07	0.000*	4
5.	The salary I had from this opportunity helped me to pay for the basic life needs (food , rent ..etc)	4.39	0.84	87.73	29.93	0.000*	1
6.	The salary I had from this opportunity helped me to pay back some debts I had	3.40	1.32	67.91	5.41	0.000*	8
7.	The salary I received while participating in this opportunity helped me to start my own project	1.98	1.17	39.50	-15.76	0.000*	11
8.	The financial compensation I received while participating in this opportunity improve my economic situation	4.21	1.14	84.11	19.12	0.000*	2
9.	The financial compensation I received while participating in this opportunity improve my family economic situation	3.81	1.22	76.13	11.98	0.000*	6
10.	During this opportunity I was the only member in my family who have income	3.11	1.35	62.15	1.43	0.077	10
11.	The financial compensation I received helped my family to pay the education expenses of other members in our family (sisters and brothers)	3.16	1.34	63.19	2.14	0.016*	9
	All items of the field	3.64	0.57	72.89	20.60	0.000*	

As shown in table (4-15), the opinions of respondents were as the following:

- ❖ The mean of the paragraph No. (5) “The salary I had from this opportunity helped me to pay for the basic life needs (food , rent ...etc) ” equals 4.39 , the relative weight equals 87.73percent and p-value equals 0.000 which is less than 0.05, so the mean of this paragraph is significantly greater than the hypothesized value 3. Consequently, one can conclude that the respondents agreed strongly to this paragraph.

- ❖ The mean of the paragraph No. (7) “The salary I received while participating in this opportunity helped me to start my own project” equals 1.98, the relative weight equals 39.50 percent ,p-value equals 0.000 which is less than 0.05 and Test-value equals -15.76, so the mean of this paragraph is significantly smaller than the hypothesized value 3. Consequently, we can say that the respondents disagreed to this paragraph.

In general, we can conclude that beneficiaries’ responses towards this section, were positive, and approve that there is a significant role (probably, at level $\alpha \leq 0.05$) for the INGOs short term employment project in improving the economic situation of the beneficiaries.

➤ **Analysis of the respondents’ personal opinions regarding the impact of projects on improving their employability situation. (Second Field)**

Table (4-16) shows the opinions of the interviewed about the role of the INGOs short term employment projects in improving his / her employability situation

Table 4-16: Means and t-test values for paragraphs of “improving his/her employability situation” field

	Item	Mean	S.D	Relative Weight percent	T -test	P-value (Sig.)	Rank
1.	This work experience helped/will help me to find another job opportunity after it was ended	3.30	1.42	66.07	3.86	0.000*	11
2.	The work opportunity helped/helps me to be develop my personal skills (communication , decision making , ..etc)	4.51	0.73	90.18	37.51	0.000*	1
3.	The work opportunity helped me to develop my managerial skills (Problem solving , decision making, working under pressure ...etc)	4.48	0.78	89.69	34.57	0.000*	2
4.	The work opportunity helped me to improve my IT (Computer using)skills	4.39	0.93	87.73	26.91	0.000*	3
5.	The work opportunity helped me to develop my English language skills	3.85	1.11	76.98	13.85	0.000*	10
6.	This work experience added/will add a lot to my CV , it makes difference for my future job applications	4.06	1.13	81.17	16.97	0.000*	8
7.	I become more motivated about searching on a job because of this work opportunity	4.00	1.11	79.94	16.29	0.000*	9
8.	The work opportunity helped me to feel more confident about my professional abilities in my field of work	4.27	0.85	85.46	27.05	0.000*	5
9.	The work opportunity period helped me to understand the local labour market and its requirement.	4.32	0.83	86.32	28.72	0.000*	4
10.	This experience allowed me to build effective relationships with employers in the local labour market	4.13	1.03	82.70	19.97	0.000*	6
11.	The work opportunity provided me with the practical training which I did not have during my university study	4.11	1.05	82.19	18.91	0.000*	7
	All items of the field	4.13	0.72	82.60	28.28	0.000*	

As shown in table (4-16), the opinion of respondents were as the following:

- ❖ The mean of the paragraph No. (2) “The work opportunity helped/helps me to be develop my personal skills (communication, decision making..etc) ” equals 4.51, the relative weight equals 90.18 percent , p-value equals 0.000 which is less than 0.05 and Test-value equals 37.51 , so the mean of this paragraph is significantly greater than the hypothesized value 3. Consequently, we can conclude that the respondents agreed strongly to this paragraph.
- ❖ The mean of the paragraph No. (1) “This work experience helped/will help me to find another job opportunity after it was ended” equals 3.30, the relative weight equals 66.07 percent ,p-value equals 0.000 which is less than 0.05 and Test-value equals 3.86, the mean of this paragraph is significantly greater than the hypothesized value 3. Consequently, we conclude that the respondents agreed moderately to this paragraph.

In general, the results show that beneficiaries’ responses towards this section, were positive, and approve that there is a significant role (probably, at level $\alpha \leq 0.05$) for the INGOs short term employment project in improving the employability situation of the beneficiaries.

➤ **Analysis of the respondents' personal opinions regarding the impact of projects on solving the unemployment problem in Palestine. (Third Field)**

Table (4-17) shows the opinions of the interviewed about the role of the INGOs short term employment project in solving of the unemployment problem in Palestine.

Table 4-17: Means and t-test values for paragraphs of “solving the unemployment problem” field

	Item	Mean	S.D	Relative Weight percent	T -test	P-value (Sig.)	Rank
1.	The INGOs employment project plays a tangible role in unemployment crisis reduction in Palestine	4.31	0.99	86.15	23.75	0.000*	11
2.	The employment projects is useful but the unemployment problem in Palestine need a better solution	4.62	0.65	92.39	44.74	0.000*	2
3.	The jobs opportunities which is provided by the INGOs employment project contribute in the youth professional growth	4.44	0.86	88.71	30.03	0.000*	8
4.	The INGOs employment projects covers the lake of the government role in providing new jobs for youth and solving the unemployment problem (depending on your area government)	4.31	0.90	86.26	26.20	0.000*	10
5.	The INGOs employment projects activate the Palestinian local market by providing employees to the employers .	4.64	0.72	92.80	40.95	0.000*	1
6.	The INGOs employment projects connect youth to the local market	4.60	0.74	91.96	39.17	0.000*	4
7.	After the Palestinian internal conflict , the job opportunities which is provided by the NGOs' projects are the best choice for the people who have not political trends	4.53	0.77	90.61	35.85	0.000*	7
8.	The NGOs' projects help the continuity of the small businesses by providing employees for the owners who are not able to hire staff and pay for it	4.61	0.66	92.21	43.76	0.000*	3
9.	The INGOs employment project plays a tangible role in filling the gap between the theoretical study which is provided by the Palestinian universities	4.37	1.00	87.36	24.75	0.000*	9
10.	The INGOs employment projects are useless and have no impact on the beneficiaries	4.56	0.88	91.17	32.05	0.000*	6

11.	The INGOs employment projects have not any real goals and aims	4.59	0.84	91.78	34.04	0.000*	
	All items of the field	4.51	0.56	90.13	48.35	0.000*	

As shown in table (4-17), the opinion of respondents were as the following:

- ❖ The mean of the paragraph No. (5) “The INGOs employment projects activate the Palestinian local market by providing employees to the employers” equals 4.64, the relative weight equals 92.80 percent, p-value equals 0.000 which is less than 0.05 and Test-value equals 40.95 so the mean of this paragraph is significantly greater than the hypothesized value 3. Consequently, the respondents agreed strongly to this paragraph.
- ❖ The mean of the paragraph No. (1) “The INGOs employment project plays a tangible role in unemployment crisis reduction in Palestine ” equals 4.31, the relative weight equals 86.15 percent ,p-value equals 0.000 which is less than 0.05 and Test-value equals 23.75, so the mean of this paragraph is significantly greater than the hypothesized value 3, thus, the respondents agreed to this paragraph.

In general, we can conclude that beneficiaries’ responses towards this section were positive, and approve that there is a significant role (at level $\alpha \leq 0.05$) for the INGOs short term employment projects in solving the unemployment problem in Palestine.

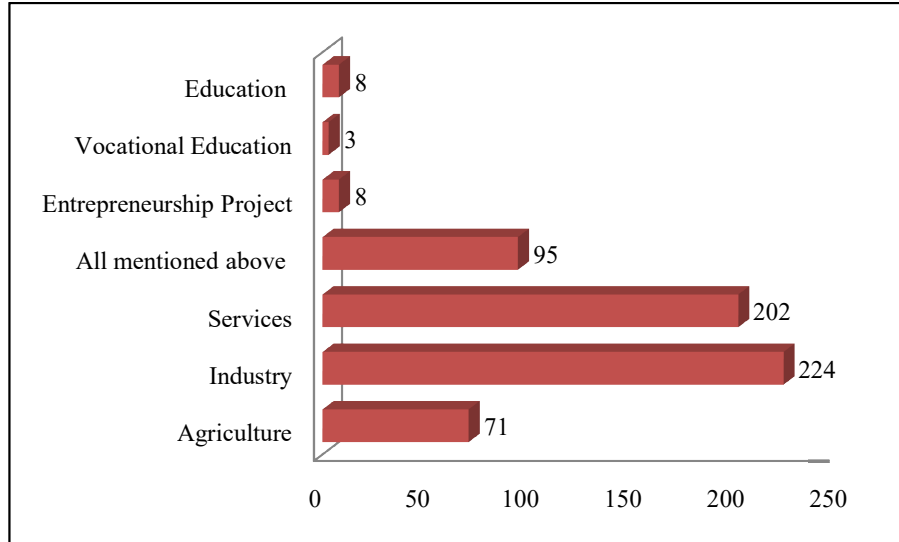
4.3.3. Descriptive Analysis for the Survey Third Section

In this part, the collected data from the third section will be described. This section of the study survey targeted the entire sample, 611 respondents, whether they were involved or not in the NGOs' short-term employment projects. The section includes two multiple choices questions and one open end question.

Question(1): To augment employment, government or private firms should invest more in:

- Agriculture
- Industry
- Services
- Other sector.....

Figure 4-8: Respondents' personal opinions regarding most important sector to invest in



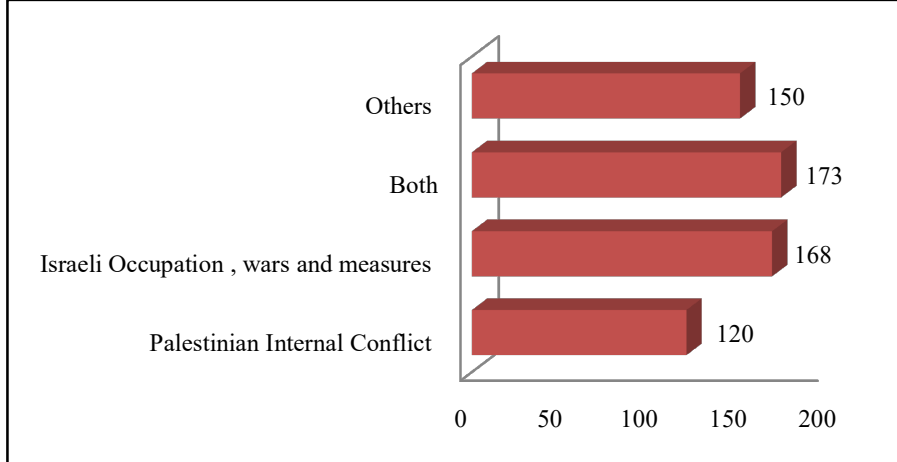
As shown in the Figure (4-8) above the responses for the question were 36.7percent replied that the investment should be in industry,33.1percent think the investment should be in the services field , 11.6percent answered that the investment should be in the field of agriculture, 15.5percent answered all mentioned above which includes the three fields (industry ,services and agriculture) . The rest of the sample suggested different fields to invest in it, they suggested investing in education, entrepreneurship projects and vocational education.

Question (2):From your point of view which of these reasons play a bigger role in unemployment problem in Palestine?

- Palestinian internal conflict
- Israeli occupation, wars and measures
- Others:.....

The responses for the question were: 19.6 percent because of the Palestinian internal conflict, 27.5percent because of the Israeli occupation, wars and measures, 28.3percent because of both of them together and 24.5percent because of different reasons.

Figure 4-9: Respondents' personal opinions regarding main factor of unemployment



For those who answered with different reasons, we summarized it as the following:

- ❖ 37 respondents answered that the students' trends in choosing their specialization is not connected to the local market needs because of many reasons such as the family desire, universities' lack of proper planning. Moreover, many students do not have the ability to choose their specialization according to their preferences because of poverty and finally, the cost of university education is high in Palestine compared to the people's income.
- ❖ 24 respondents answered that the reason is corruption, injustice and nepotism
- ❖ 15 respondents answered that the reason is the lack of development projects, the implemented projects are relief projects and have not long-term goals.
- ❖ 7 respondents answered that the reason is lack of institutions, ministries and factories which can be capable of absorbing all the graduates.
- ❖ 12 respondents answered that the reason is the continuous increase in the number of the academic graduates and the marginalization of vocational education.
- ❖ 6 respondents answered that the reason is the lack of capital and investment.
- ❖ 13 respondents answered that the reasons are the government's lack of management and misuses of resources.
- ❖ 21 respondents answered that the reason is the existence of many different political trends that are biased and they play a huge role in the government.
- ❖ 15 respondents answered that the political instability which led to many results including border closure, poverty and closing of many businesses.

Question (3): What are your suggestions to solve the problem of unemployment in Palestine?

The answers to this question were summarized as the following:

- ❖ Creating new job opportunities for youth through different directions which can be summarized as the following: increasing the number of the NGOs short-term employment projects, reducing the retirement age and rebuilding the factories destroyed in the war.
- ❖ Adopting innovative youth initiatives and supporting the youth creative small projects through funding it and providing capacity building for its teams.
- ❖ Resolving the internal Palestinian conflict and opening the borders to encourage importing and exporting and enhancing the external trade.
- ❖ Eliminating corruption, nepotism and hiring employees based on efficiency without bias to their political orientation, kinship or any other reasons far away from the job requirement.
- ❖ Work on rebuilding the infrastructure, ending the siege and giving young people the opportunity to study and work abroad which will reduce the pressure on the local labour market.
- ❖ The universities should play a role in investing in their students by providing them with a good training, improving their practical skills and connecting them to the labour market.
- ❖ The government should activate industry, agriculture and trade.
- ❖ The employment policies need to be improved in order to enhance equality and placing the right person in the right position.

4.4. Conclusion

In this chapter, we analysed the data which were collected through our survey on Palestinian Labour Market. In the first section of the survey, we examined the effects of socio demographic on the employment status in Palestine. Moreover, we implemented the propensity score matching in order to measure the effect size of the short-term employment projects on the employment status, the results proved that the these projects have a small size effect on the treated people.

The analysis of the second section of the survey included the responses from the INGOs' short-term employment beneficiaries' only; it aimed to evaluate their opinions about their experience. The resulted showed that there is a significant role for the INGOs

short term employment project in improving the economic situation and employability of the beneficiaries. In addition, there is a significant role for the INGOs short term employment project in solving the unemployment problem in Palestine.

The analysis of the third section targeted the entire sample, whether they were involved or not in the NGOs' short-term employment projects, it included the descriptive analysis of three open questions to evaluate the opinions of the interviewed about the reasons of unemployment problem in Palestine, possible solutions and best sectors to invest in to reduce the unemployment level.

5. Findings and Some Concluding Remarks

This part previews the main findings and conclusions of our study based on the data analysis and main results of the previous chapters, in relation to the major research questions and objectives. Moreover, we will propose some recommendations in the light of those results. The study mainly investigated the impact of international aid on the unemployment problem generally and focused on the impact of the INGOs' short-term employment projects particularly.

The key results of the descriptive Analysis showed that:

The problem of unemployment in Palestine is strongly linked to the political situation; the deterioration in political situation affected the Palestinian economy in general and the unemployment rates in particular. Starting from the second Palestinian Intifada in 2000 which followed by the winning of Hamas movement in the parliamentary elections in 2006, then the Palestinian internal conflict in 2007 which considered a huge crisis reflected on all economic indicators. The unemployment rates were oscillating up and down with these events and it reached a peak in 2008, after the internal conflict, as it reached 26.6 percent in Palestine (19.7 percent in the West Bank, 40.6 percent in Gaza Strip). Since then, the unemployment rate is oscillating at high rates to reach 26.9 percent in Palestine by the end of 2016.

The unemployment problem is more severe in Gaza Strip and requires fast action. Due to the acceleration of political changes in it, Gaza Strip is suffering from high deterioration in all live aspect especially the economic aspect, by the end of 2016, the unemployment rate reached 41.7 percent, almost have of the population.

Although women's participation in the labour force in Palestine is low, the unemployment rate for females is high. The gap between males and females participation rate in Palestine is huge; by the end of 2016, the unemployment rate in Palestine was 22.2 percent for males and 44.7percent for females. The main reasons of this gap can be summarized in culture and tradition of the community, as the Palestinian community is considered to be male dominated. Besides, the continuous deterioration in the local labour market generally.

The key results of the quantitative Analysis showed that:

The relationship between the change in the GDP growth rates and the change in the unemployment rates in Palestine showed a significant inverse relationship between the two variables, the increase in the GDP growth of one percentage point reduces the unemployment rate by $\frac{1}{2}$ percentage point. This result is compatible with Okun's law. The weakness in economic growth is due to the fact that the Palestinian economy is primarily dependent on aid. Moreover, the GDP growth rate is not a real growth because it has not been achieved through productive activity.

The relationship between the change in the international aid and the change in the unemployment rate is significant positive relationship. According to the analysis results, an increase in unemployment growth rate of one percentage point increase the aid by 2.3 percentage point. That is the donors tend to increase their fund when the crisis increase, The decrease in fund amounts decreased the financial capabilities for both the PNA and the INGOs which restrict their role in creating job opportunities.

The result of the regression shows that there is a significant relationship between the employment status in Palestine and the following independent variables: residency, age, educational level and educational specialization. The Palestinian graduate who is resident in the West bank has better chances to be employed than the one who is resident in Gaza Strip. People who are older have a better opportunity to be employed than the younger ones, for one additional year of age, the odds of being employed will increase .The possibility of being employed is greater for holders of master degree compared to holders of the bachelor degree. The possibility of being employed for graduates of humanities and social science specialization is more than the graduates of the applied and natural science.

The results showed that the short-term employment projects in Palestine have a small effect on the employment status of the Palestinian graduates. The people who were involved in the treatment have a better chance of being employed than the people who were not involved in the treatment.

The results of the analysis of the respondents' personal opinions regarding the second section of the survey showed that:

- ❖ There is a significant role for the INGOs short term employment project in improving the economic situation of the beneficiaries.
- ❖ There is a significant role for the INGOs short term employment project in improving the employability situation of the beneficiaries.

- ❖ There is a significant role for the INGOs short term employment projects in solving the unemployment problem in Palestine.

Based on the results of statistical analyses, we advance here some personal considerations on the most opportune policy interventions of both Palestinian authorities and INGOs.

It is necessary that the two Palestinian authorities, in Gaza Strip and the West Bank, to work together in order to end the internal Palestinian conflict and establish one authority. After that, they have to set a unified national development plan, which covers all the development sectors, in order to decrease the deterioration in all life aspects generally and in the economic situations particularly. In addition, we recommend the PNA to form the developmental plans through coordination with the INGOs, with focusing on the real needs of the Palestinian people.

It is important that the PNA reallocate the international aid and prioritise the goals of the development plans according to those amounts of the international aid. In order to direct it toward effective sustainable projects, this can influence the economic and development indicators positively, also, to make real change in the Palestinian economic structure.

Furthermore, it would more incisive if the INGOs will focus on the development projects more than the relief projects. Besides providing relief short-term employment projects to the unemployed individuals, it should work also on providing them with small and micro projects which can be a step towards business development and sustainable jobs.

Moreover, the IONGs should coordinate their line strategies and to work jointly, especially when they are involved in the same projects. Also, it is important to establish a unified database for the employment projects, in order to avoid duplication of the beneficiaries which means providing opportunities to a large number of beneficiaries. Also, it will help to have data about those beneficiaries in order to evaluate the projects. In addition, the INGO should follow the progress of the projects' beneficiaries after finishing their employment opportunity to measure the impact of its projects on the long-term goals.

Last but not least, we think that the Palestinian Universities can have a significant role to stem the unemployment rate in the country, by linking, for example, its outputs with the local labour market needs and maintaining a continuous close relationship with firms and the private sector. Also, there is a need to consolidate University-Industry relationship in order to stay updated in terms of required specializations.

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7. Appendix

Appendix A: List of the International Non Governmental Organization in Palestine

The International Non Governmental Organization in Palestine			
No.	Organization	No.	Organization
1	Association of Virtue and Democracy	42	International Cooperation South (CISS)
2	Norwegian People Aid (NPA)	43	Welfare Association
3	AMIDEST	44	International Medical Corps (IMC)
4	les opprimes	45	Holland – War Child (WAR)
5	Middle East aid- Hagar	46	Action Against Hunger (ACF)
6	Catholic Relief Services (CRS)	47	Oxfam GB-Britain
7	Medicine Sans Frontiers (MSF) France	48	International Union For Muslim Scholars
8	World Council of Churches (NECC)	49	Medicines du Monde- France
9	4 Shaba Global Organization	50	Perol Despwar
10	A. M. Qattan Foundation	51	Islamic Relief - France
11	Diakonia	52	Islamic Relief Worldwide (Britain)
12	Agency for technical cooperation and development "ACTED"	53	American Near East Refugee, improving lives in the middle East (ANERA)
13	Al Fakhoora	54	Aide humanitaireile de la tortue
14	Medical Emergency Rescue Committee (MERC)	55	American friends service committee cquakerr
15	Al Quds International Institutions	56	Muslim Hands
16	Alawrasaa Association on Education of Culture	57	Assocation International forum of lolidartty-emmaus
17	Aman Palestine Berhand -Malaysia	58	Mercy Corps
18	Arab Medical Union	59	My Ummah
19	Baptist Society	60	Norwegian Refugee Council (NRC)
20	Medicon Del Muudo- Spain	61	Oxfam – Italy
21	Baraka city	62	Qatar Charity
22	Benevolent act mabarratpalestine bureau	63	Persatuan Bantuan Perubatan Malaysia
23	CARE International (CARE)	64	Premier Urgence
24	Right to Play	65	Qatar Red Crescent Society
25	Charitable Association for Palestinians Relief	66	Center for Mind Body Medicine (CMBM)

26	Committee de bienfaisance et de secours aux Palestinian (CBSP)	67	Cooperative Hoosing Foundation (CHF)
27	Save the Children	68	Shaheed Palestine Association
28	Cooperazioneinternazionale (COOPI)	69	SOS Children's Village
29	Danish Crescent Charity	70	ST. John Eye Hospital
30	Deyazay Dernegi	71	Sunshine 4 Palestine
31	dvv international	72	Terre des homes
32	Educe Aid	73	Terredes homes Italy (TDH)
33	The International Orthodor Christian Charities (Iocc)	74	The council for European Palestinian Relations (CEPR)
34	Help Age International	75	Families Relief (A.R)
35	Enlighten Association	76	Handicape International
36	Gaza Children's Fund Incorporation (CFI)	77	The Palestine Children's Relief Fund (PCRF)
37	InsaniYardimVakfi (IHH)	78	World Vision
38	The Forum of Palestinian Doctors in Europa	79	The Palestinian Fund for Relief and Development
39	Human Appeal International	80	Ummah Welfare Trust (UWT)
40	International Organization for Peace, Care and Relief	81	World Assembly of Muslim Youth (WAMY)
41	Youth School	82	Yardimeeli dernegi
83	International Relief Fund For the Afflicted and Needy Canada (I.R.F.A.N)		

Appendix B: Study Survey

Section A-part1			
If you are a Palestinian graduates / worker / job searcher who lives in Palestine , can you please fill in the following questionnaire			
Resident in	<input type="checkbox"/> West Bank	<input type="checkbox"/> Gaza Strip	
Gender	<input type="checkbox"/> Male	<input type="checkbox"/> Female	
Marital status	<input type="checkbox"/> Married	<input type="checkbox"/> Not married	
Are you the head of the family	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Age			
What is the highest level of education that you have	<input type="checkbox"/> Master	<input type="checkbox"/> Bachelor	
University Specialization	<input type="checkbox"/> Natural Science	<input type="checkbox"/> Applied Science	<input type="checkbox"/> Social Science
University Type	<input type="checkbox"/> Palestinian	<input type="checkbox"/> Non Palestinian	
Have you ever work formerly or currently in a temporary unemployment projects?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<u>If the answer is yes</u>		<u>If the answer is no</u>	
Are you currently employed		Are you currently employed	
<input type="checkbox"/> Yes <input type="checkbox"/> No		<input type="checkbox"/> Yes <input type="checkbox"/> No	
If the answer yes	If the answer NO	After the person will be transferred to section C	
When did you employment opportunity (Batala) Finished ?.....	When did you employment opportunity Finished ?.....		
a. Can you specify the contract type? <input type="checkbox"/> Full Time Job <input type="checkbox"/> Part time <input type="checkbox"/> Self Employed	a. How long have you been unemployed? <input type="checkbox"/> Less than 3 months <input type="checkbox"/> from 3 – 6 months <input type="checkbox"/> 6 -12 months <input type="checkbox"/> 1 -2 years <input type="checkbox"/> More than 2 years		
b. Is this job opportunity <input type="checkbox"/> Temporary (Contract) <input type="checkbox"/> Permanent <input type="checkbox"/> Another employment project opportunity	Go to section C		
c. In which sector did/do you work?			

<p>Is your current job is the same place (employer) where you had the employment opportunity in the program?</p> <p><input type="checkbox"/>Yes <input type="checkbox"/>No</p>	
<p>Is your current job is in the same field which you were working in the employment opportunity in the program?</p> <p><input type="checkbox"/>Yes <input type="checkbox"/>No</p>	
<p>What is your current salary :</p> <p><input type="checkbox"/>bigger <input type="checkbox"/>Less than</p> <p><input type="checkbox"/>Equal to your salary in the employment program</p>	
Will be transferred to section B	

Section B						
Improving the Economic Situation		Strongly Agree	Agree	Neutral	Dis agree	Strongly Disagree
1.	Before having this employment opportunity I was totally without any job (paid or voluntary)					
2.	This employment opportunity was the first paid work experience which I had in my career.					
3.	Before this opportunity I was dependant on my family financially					
4.	The salary I received while participating in this opportunity was good enough for me					
5.	The salary I had from this opportunity helped me to pay for the basic life needs (food , rent ...etc)					
6.	The salary I had from this opportunity helped me to pay back some debts I had					
7.	The salary I received while participating in this opportunity helped me to start my own project					
8.	The financial compensation I received while participating in this opportunity improve my economic situation					
9.	The financial compensation I received while participating in this opportunity improve my family economic situation					
10.	During this opportunity I was the only member in my family who have income					
11.	The financial compensation I received helped my family to pay the education expenses of other members in our family (sisters and brothers)					
Improving the Employability						
1.	This work experience helped/will help me to find another job opportunity after it was ended					
2.	The work opportunity helped/helps me to be develop my personal skills (communication , decision making , ..etc)					
3.	The work opportunity helped me to develop my managerial skills (Problem solving , decision making, working under pressure ...etc)					
4.	The work opportunity helped me to improve my IT (Computer using)skills					
5.	The work opportunity helped me to develop					

	my English language skills					
6.	This work experience added/will add a lot to my CV , it makes difference for my future job applications					
7.	I become more motivated about searching on a job because of this work opportunity					
8.	The work opportunity helped me to feel more confident about my professional abilities in my field of work					
9.	The work opportunity period helped me to understand the local labour market and its requirement.					
10.	This experience allowed me to build effective relationships with employers in the local labour market					
11.	The work opportunity provided me with the practical training which I did not have during my university study					
Solving the Unemployment Problem in Palestine						
1.	The INGOs employment project plays a tangible role in unemployment crisis reduction in Palestine					
2.	The employment projects is useful but the unemployment problem in Palestine need a better solution					
3.	The jobs opportunities which is provided by the INGOs employment project contribute in the youth professional growth					
4.	The INGOs employment projects covers the lake of the government role in providing new jobs for youth and solving the unemployment problem (depending on your area government)					
5.	The INGOs employment projects activate the Palestinian local market by providing employees to the employers .					
6.	The INGOs employment projects connect youth to the local market					
7.	After the Palestinian internal conflict , the job opportunities which is provided by the NGOs' projects are the best choice for the people who have not political trends					
8.	The NGOs' projects help the continuity of the small businesses by providing employees for the owners who are not able to hire staff and pay for it					
9.	The INGOs employment project plays a tangible role in filling the gap between the theoretical study which is provided by the					

	Palestinian universities					
10.	The INGOs employment projects are useless and have no impact on the beneficiaries					
11.	The INGOs employment projects have not any real goals and aims					

Section C (For all people)

- To augment employment, government or private firms should invest more in:
 - Agriculture
 - Industry
 - Services
 - Other sector.....

- From your point of view which of these reasons play a bigger role in unemployment problem in Palestine
 - Palestinian internal conflict
 - Isreali occupation
 - Others:.....

- What are your suggestions to solve the problem of unemployment in Palestine?

.....

Appendix C: Detailed Balance Before and After Matching

Detailed balance before matching				
	Means Treated	Means Control	SD Control	Std. Mean Diff.
propensity	.577	.484	.124	.576
Residency	1.399	1.411	.493	-.024
Sex	1.488	1.393	.489	.189
Age	27.224	27.505	3.300	-.133
Maritalstatus	1.463	1.632	.483	-.337
HeadofFamily	1.574	1.835	.372	-.528
EducationLevel	1.138	1.126	.333	.034
EducationSpecialization	1.350	1.326	.589	.039
UniversityType	1.025	1.049	.217	-.159
propensityxpropensity	.359	.249	.138	.581
propensityxResidency	.794	.691	.343	.303
propensityxSex	.886	.688	.355	.440
propensityxAge	15.655	13.233	3.501	.551
propensityxMaritalstatus	.806	.751	.181	.193
propensityxHeadofFamily	.833	.847	.121	-.117
propensityxEducationLevel	.660	.546	.228	.384
propensityxEducationSpecialization	.788	.643	.342	.331
propensityxUniversityType	.585	.503	.149	.505
ResidencyxResidency	2.196	2.232	1.478	-.024
ResidencyxSex	2.064	1.996	1.080	.068
ResidencyxAge	38.055	38.435	13.138	-.028
ResidencyxMaritalstatus	2.080	2.242	.950	-.147
ResidencyxHeadofFamily	2.206	2.533	.955	-.305
ResidencyxEducationLevel	1.586	1.607	.814	-.029
ResidencyxEducationSpecialization	1.883	1.919	1.246	-.033
ResidencyxUniversityType	1.436	1.495	.680	-.104
SexxSex	2.463	2.179	1.468	.189
SexxAge	40.417	38.196	13.937	.161
SexxMaritalstatus	2.190	2.267	1.058	-.069
SexxHeadofFamily	2.224	2.477	.890	-.302
SexxEducationLevel	1.693	1.551	.662	.181
SexxEducationSpecialization	2.034	1.835	1.013	.163
SexxUniversityType	1.525	1.470	.647	.096
AgexAge	745.598	767.393	193.780	-.185
AgexMaritalstatus	39.853	44.761	14.124	-.348
AgexHeadofFamily	42.929	50.505	12.030	-.533
AgexEducationLevel	30.991	30.965	9.801	.003

AgexEducationSpecialization	36.764	36.456	16.713	.019
AgexUniversityType	27.893	28.856	6.921	-.203
MaritalstatusxMaritalstatus	2.390	2.895	1.450	-.337
MaritalstatusxHeadofFamily	2.368	3.088	1.209	-.590
MaritalstatusxEducationLevel	1.656	1.821	.726	-.220
MaritalstatusxEducationSpecialization	1.982	2.126	1.090	-.123
MaritalstatusxUniversityType	1.506	1.698	.563	-.320
HeadofFamilyxHeadofFamily	2.721	3.505	1.115	-.528
HeadofFamilyxEducationLevel	1.776	2.063	.738	-.383
HeadofFamilyxEducationSpecialization	2.101	2.432	1.213	-.294
HeadofFamilyxUniversityType	1.617	1.912	.499	-.501
EducationLevelxEducationLevel	1.414	1.379	.998	.034
EducationLevelxEducationSpecialization	1.534	1.512	.894	.026
EducationLevelxUniversityType	1.184	1.193	.512	-.017
EducationSpecializationxEducationSpecialization	2.172	2.105	2.153	.031
EducationSpecializationxUniversityType	1.380	1.407	.748	-.042
UniversityTypexUniversityType	1.074	1.147	.650	-.159

Detailed balance after matching					
	Means Treated	Means Control	SD Control	Std. Mean Diff.	
propensity	.505	.502	.134	.018	
Residency	1.469	1.454	.499	.030	
Sex	1.406	1.411	.493	-.010	
Age	27.353	27.589	3.343	-.112	
Maritalstatus	1.536	1.570	.496	-.068	
HeadofFamily	1.797	1.792	.407	.010	
EducationLevel	1.140	1.130	.338	.028	
EducationSpecialization	1.324	1.329	.598	-.008	
UniversityType	1.019	1.024	.154	-.031	
propensityxpropensity	.274	.270	.154	.018	
propensityxResidency	.740	.741	.367	-.004	
propensityxSex	.728	.729	.386	-.001	
propensityxAge	13.761	13.784	3.804	-.005	
propensityxMaritalstatus	.736	.744	.180	-.029	
propensityxHeadofFamily	.858	.850	.116	.060	
propensityxEducationLevel	.583	.571	.246	.041	
propensityxEducationSpecialization	.673	.670	.362	.008	
propensityxUniversityType	.512	.511	.144	.003	
ResidencyxResidency	2.406	2.362	1.497	.030	
ResidencyxSex	2.034	2.097	1.136	-.063	
ResidencyxAge	40.048	39.734	13.380	.023	
ResidencyxMaritalstatus	2.242	2.237	.994	.004	
ResidencyxHeadofFamily	2.618	2.546	.979	.067	
ResidencyxEducationLevel	1.667	1.671	.864	-.007	
ResidencyxEducationSpecialization	1.908	1.976	1.271	-.063	
ResidencyxUniversityType	1.498	1.498	.606	.000	
SexxSex	2.217	2.232	1.479	-.010	
SexxAge	38.391	38.720	13.823	-.024	
SexxMaritalstatus	2.174	2.203	1.046	-.026	
SexxHeadofFamily	2.444	2.435	.878	.012	
SexxEducationLevel	1.594	1.575	.670	.025	
SexxEducationSpecialization	1.850	1.860	1.021	-.008	
SexxUniversityType	1.430	1.444	.554	-.025	
AgexAge	753.140	772.295	197.301	-.162	
AgexMaritalstatus	42.029	43.256	14.619	-.087	
AgexHeadofFamily	49.227	49.473	12.858	-.017	
AgexEducationLevel	31.164	31.130	9.741	.003	
AgexEducationSpecialization		36.217	36.623	17.035	-.024

AgexUniversityType	27.889	28.256	5.504	-.077
MaritalstatusxMaritalstatus	2.609	2.710	1.489	-.068
MaritalstatusxHeadofFamily	2.836	2.918	1.257	-.067
MaritalstatusxEducationLevel	1.729	1.763	.748	-.045
MaritalstatusxEducationSpecialization	2.014	2.048	1.078	-.029
MaritalstatusxUniversityType	1.570	1.604	.546	-.056
HeadofFamilyxHeadofFamily	3.391	3.377	1.220	.010
HeadofFamilyxEducationLevel	2.029	2.024	.766	.006
HeadofFamilyxEducationSpecialization	2.386	2.382	1.236	.004
HeadofFamilyxUniversityType	1.831	1.831	.478	.000
EducationLevelxEducationLevel	1.420	1.391	1.013	.028
EducationLevelxEducationSpecialization	1.498	1.522	.923	-.030
EducationLevelxUniversityType	1.179	1.159	.405	.037
EducationSpecializationxEducationSpecialization	2.087	2.121	2.199	-.016
EducationSpecializationxUniversityType	1.343	1.367	.676	-.038
UniversityTypexUniversityType	1.058	1.072	.462	-.031