I. Introduction and Context

Country Context

The political situation in the Middle East and North Africa remains in flux. With the Palestinian Authority (PA) creating expectations of moving closer to statehood, international dialog has become increasingly charged. While economic growth is estimated at 4% in West Bank and 17% in Gaza (IMF, 2011), the Palestinian economy remains heavily aid-dependent with little private sector contribution.

Sectoral and Institutional Context

Young Palestinians face serious employment challenges upon graduation from the education system. Unemployment rates among graduates from both university and secondary education institutions are above 60% at the age of graduation (23 for those with university and 18 for secondary education diplomas) with a slow decrease over time. In the West Bank, after age 18, the proportion of jobless male youth increases considerably reaching 33% by age 23 (with 20% unemployed and 14% inactive). The situation is even more severe in Gaza where unemployment reaches 35% among male youth by age 26. The slow education to work transition in West Bank and Gaza (WBG) is symptomatic of the Palestinian labor market that is characterized by a low absorptive capacity of the private sector and little access to job opportunities abroad. In addition to demand side constraints, a number of challenges in the supply of skills hinder the smooth transition of youth into productive employment. Recent focus group discussions carried out by the education team with business owners and principals, students and graduates of technical colleges and universities suggests that skill mismatches and a lack of market assessment and coordination are among the most binding constraints to a successful education to work transition.

The national policy agenda stresses the need to invest in human development to supply the labor market with relevant skills and to inject innovation and capabilities into the private sector. The National Development Plan (NDP) 2011-2013 and its predecessor, the Palestinian Reform Development Plan (PRDP) 2008-2010 specifically recognize the importance of investing in human development to ensure social stability and sustainable development. On the operational level, the revised Technical and Vocational Education and Training (TVET) Strategy 2010 and the National Employment Strategy 2010 aim at improving the employment prospects of youth by providing the Palestinian labor force with market-oriented training, the ability to flexibly adapt to changing market needs, quality teaching and curricula development.

In addition, the TVET Strategy endorses a priority shift towards quality and relevance of education and training with the aim of graduating students that have skills and qualifications that are more responsive to the needs of a changing labor market which is set to become increasingly integrated into the world economy. More specifically, it emphasizes on updating the legislative framework of TVET to encourage the involvement of social partners and the certification of qualifications that are aligned with labor market needs; capacity-building to enter into partnerships with the business sector to encourage them to participate in collaborative training programs (apprenticeship), developing programs and curricula for TVET at all levels as well as testing, assessment and skills accreditation, and monitoring and evaluation (M&E); promoting the private sector’s participation as TVET providers; and upgrading facilities for schools and colleges to provide relevant education and training opportunities to students.

The World Bank and other donors have been supporting the Palestinian Authority in achieving the above mentioned goals through support of the higher education and TVET sector. The institutional framework is composed of:

i. The Ministry of Education and Higher Education
As the West Bank and Gaza is not a member of the Bank group, no formal Country Assistance Strategy is prepared. Rather, the Bank relies on strategy notes to guide its work and keep the Executive Directors informed of program activities. The last Interim Strategy (IS) was presented to the Bank's Board on April 22, 2008. A new interim strategy is under preparation with a presentation to the Board planned in the FY12. The proposed project is fully consistent both with the current IS and the one under preparation, and it expected to have a positive impact on poverty reduction by facilitating the transition to work of young Palestinians and thus contributing to reducing some of the drivers of conflicts and lead to improved livelihood prospects and quality of life in WB&G.

II. Proposed Development Objective(s)

Proposed Development Objective(s)

The proposed project seeks to improve the speed and relevance of education to work transition of young Palestinian attending tertiary education institutions (TEIs) by: (i) fostering partnerships between TEIs and employers; and (ii) enhancing the capacity of the Ministry of Education and Higher Education to use labor market data to improve its capacity for TVET policy formulation and monitoring.

Key Results

The anticipated results of the project are:

(i) Targeted study programs in participating TEIs have stronger productive linkages with the private sector through an updated curriculum designed with the involving of employers business community, and teaching practices that complement theory with practice; and

(ii) Graduates of participating programs are better prepared to enter the work environment of their specialty or profession as judged by employers.

(iii) The MOEHE puts in place a tracer study making the information widely available to TEIs, students, parents and the business community, and uses it to prepare relevant policy notes.

The attainment of these results will be monitored through the following indicators:

(i) Nine months after graduation, graduates from programs participating in the project have a 10% lower unemployment rates than their age cohort graduating from comparable programs.

(ii) The curriculum, syllabus and teaching methods of at least five programs have been redesigned with full involvement of the private sector.

(iii) After establishing partnerships with TEIs, employers of at least three different economic sectors provide skill practice places to TEIs students.

(iv) Increase on employers' perception of the relevance of participating programs.

(v) At least one full report using the information of the tracer study is produced and the information can be easily accessed by the education community and employers.

III. Preliminary Description

Concept Description

The MOEHE through the Tertiary Education Project, supported by the World Bank and the European Community, established the Quality Improvement Fund (QIF) with the objective of assisting higher education institutions (i) to make their study programs more relevant to the needs of the job market and economic development of Palestine, and more competitive with international standards; and (ii) to increase their capacity to develop income generating programs. Through QIF the MOEHE set up a competitive system of grants to promote and finance innovative projects prepared by West Bank and Gaza Tertiary Education Institutions that were aligned with the above objectives.

The proposed project will build on the successful experience of the QIF competitive grant system mechanism and will seek to enhance the job training component of education programs offered by tertiary education institutions. It will promote long-lasting partnerships between TEIs and the business community aimed at developing and implementing work-integrated learning schemes that strengthen the connection between classroom learning and the requirements of the workplace, and contribute to the development of attitudes and capabilities that make graduates employable. The grants will finance the implementation of TEIs/business partnership programs that (i) provide students with practical training, and (ii) improve the quality and relevance of the curriculum and teaching practices. TEIs will be invited to partner with the business community to develop and implement the grants.

A second activity supported by the project is the implementation of a graduate tracer study to help monitor graduates' transition process from tertiary education programs to the labor market and to assess the relevance of these programs to the needs of the labor market. The study will be designed together with counterparts from the Ministry of Education and Higher Education and the Palestinian Central Bureau of Statistics. The design and results will be presented to policy makers and tertiary education institutions to help them improve the allocation of resources and quality of tertiary education programs and to students and parents to help them make better informed career decisions.

The proposed US$5.0 million project will enhance education-to-work transition by improving the quality and relevance of targeted tertiary education and by monitoring the transition of graduate to the labor market. The types of investments to be supported by the
project include:
(i) funds to finance innovative labor market relevant education programs that have strong partnerships with private sector businesses through QIF, including but not limited to centers for collaborative teaching, curriculum improvement in the areas of professional, entrepreneurial, general and life skills; teaching materials and equipment; teacher training and mentoring;
(ii) international and local technical assistance and related consulting services for capacity building of TEIs to form partnerships with private sector businesses;
(iii) consulting services for targeted research, data collection and program evaluation;
(iv) awareness and information campaign, and dissemination of good practices; and
(v) management of the fund.

By focusing on TEIs, the proposed project complements the forthcoming EU/GIZ support for TVE institutions (secondary and post-secondary) and also the proposed World Bank Palestinian Market Development Project (PMD) by promoting apprenticeship partnership between TEIs and the private business sector.

Although this type of partnership between TEIs and the business community has not been fully tested in WB&G, successful international examples exist in countries such as the US, Canada, Germany, and the UK.

### IV. Safeguard Policies that might apply

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### VI. Contact point

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