I. Project Context

Country Context

Recent World Bank studies for the West Bank and Gaza (WB&G) indicate that growth in the first three quarters of 2011 reached 10.5 percent or nearly one percentage point higher compared with the same period in 2010. This significant growth was driven by a recovery in Gaza, where GDP in the first three quarters is estimated to have expanded by more than 26 percent, driven by the construction, retail trade and public sectors. In the West Bank, growth was 6 percent, down from 7.5 percent in 2010. Manufacturing and agriculture continue to suffer from prohibitions on exports and the import of many intermediary inputs.

Despite the above-mentioned recovery there is still significant poverty and economic hardship in Gaza. The Government of Israel (GOI) maintains tight control of most of the land and resources in the West Bank, preventing their development by Palestinians. It also continues to prevent exports and free movement of people from Gaza. However, there is a sustained flow of goods arriving from Egypt and via other avenues. Donor assistance, which has propelled growth by supporting government spending, is steadily declining.

Overall unemployment rate remains high at 21 percent in the fourth quarter of 2011 but experienced small improvement when compared to nearly 23.4 percent in the same period of 2010, with Gaza unemployment still higher at 30 percent and significant youth unemployment (46.5 percent in Gaza and 25.8 percent in the West Bank).

II. Sectoral and Institutional Context

The Palestinian Authority (PA) Education Development Strategic Plan 2008-2012 (EDSP) states that its main objective is to move from focusing on access to education towards quality of education for all. This is a larger and more complex challenge since quality is multifaceted, embracing not just the concept of traditional intellectual achievement skills measured by test scores, but also soft skills such as learning to learn, team work, synthesis of information and critical thinking which are particularly critical for civic participation and for labor market involvement.

During the last three years, the Ministry of Education and Higher Education (MOEHE) has been working on a complement to the EDSP, focusing on the subsystem of Technical Vocational Education and Training (TVET) with the aim of creating a system that would respond dynamically to the economic needs of an emerging state. On November 2010, the MOEHE published a Revised TVET Strategy prepared with the involvement of a broad range of stakeholders from the private and public sectors, as well as the donor community, and assisted by the German Technical Cooperation Agency (GIZ, formerly GTZ).

In line with the EDSP, the revised 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: (i) 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; (ii) Tertiary Education Institutions (TEIs) 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); (iii) promoting private sector participation as TVET providers; and (iv) upgrading facilities for technical-vocational schools and TEIs to provide relevant education and training opportunities to students.

The World Bank and other donors have been supporting the PA in achieving the above mentioned goals through support of the higher education and TVET sector. The Education Sector Working Group chaired by the MOEHE is a very active forum that brings together all major donors to regular meetings with the MOEHE Management Team to analyze progress on the implementation of the education sector strategy as well as donors’ support to specific areas of the strategy. Currently the World Bank is supporting the implementation of the education strategy through two operations: The Tertiary Education Project and the Teacher Education Improvement Project. The institutional framework where this support has taken place comprises:

i. The Ministry of Education and Higher Education
iii. The Ministry of Labor (responsible for certain training institutes)

iii. Donor sector working group on education (to coordinate programs)

III. Project Development Objectives

The proposed Project seeks to improve education to work transition of young Palestinians attending participating tertiary education institutions (TEIs) by: (i) fostering partnerships between TEIs and employers in order to make TEIs’ study programs more relevant to the needs of the labor market; and (ii) enhancing the capacity of the MOEHE and TEIs to collect, analyze and disseminate data collected through the TEIs’ graduate tracking system to monitor the outcomes of TEIs’ study programs, and to inform education policy formulation and implementation.

IV. Project Description

Component Name
Education to Work Transition Innovation Grant Facility
Higher Education Graduate Tracking System
Project Management and Coordination

V. Financing (in USD Million)

<table>
<thead>
<tr>
<th>For Loans/Credits/Others</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrower</td>
<td>0.00</td>
</tr>
<tr>
<td>Special Financing</td>
<td>6.50</td>
</tr>
<tr>
<td>Total</td>
<td>6.50</td>
</tr>
</tbody>
</table>

VI. Implementation

The MOEHE through QIF and the PCU will be responsible for the overall implementation and monitoring of the project. The education to work transition innovation grant component will be implemented through QIF which has a governance structure consisting of an independent QIF Board and the QIF Unit housed within the MOEHE. The QIF will be supported by the MOEHE PCU which has had a long term involvement with the Bank throughout the implementation of the on-going Tertiary Education Project and the Teacher Education Improvement Project, among others. A Technical Committee (TC) will be established to ensure full alignment of QIF activities with the MOEHE’s Higher Education and TVET Strategies and policies and to facilitate linkages between QIF Unit and the PCU with MOEHE’s line units. The implementation of the graduate tracking system will be carried out by the MOEHE’s Higher Education Development and Planning Department. Project coordination, fiduciary responsibilities and reporting will be responsibility of the MOEHE’s Project Coordination Unit.

VII. Safeguard Policies (including public consultation)

<table>
<thead>
<tr>
<th>Safeguard Policies Triggered by the Project</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Assessment OP/BP 4.01</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Natural Habitats OP/BP 4.04</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Forests OP/BP 4.36</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Pest Management OP 4.09</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Physical Cultural Resources OP/BP 4.11</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Indigenous Peoples OP/BP 4.10</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Involuntary Resettlement OP/BP 4.12</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Safety of Dams OP/BP 4.37</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Projects on International Waterways OP/BP 7.50</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Projects in Disputed Areas OP/BP 7.60</td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

VIII. Contact point

World Bank
Contact: Ernesto P. Cuadra
Title: Lead Education Specialist
Tel: 473-5311
Email: ecuadra@worldbank.org

Borrower/Client/Recipient
Name:
Contact:
Title:
Tel:
Implementing Agencies
Name: Ministry of Education and Higher Education
Contact: Suha Khalili
Title: Director PCU
Tel: 972-2-296-9352
Email: pcdnirector@teps.ps

IX. For more information contact:
The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: http://www.worldbank.org/infoshop