

PROJECT INFORMATION DOCUMENT (PID)
ADDITIONAL FINANCING

Report No.: PIDA30475

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| Project Name | Additional Financing for Teacher Education Improvement Project (P152914) |
| Parent Project Name | Teacher Education Improvement Project (P111394) |
| Region | MIDDLE EAST AND NORTH AFRICA |
| Country | West Bank and Gaza |
| Sector(s) | General education sector (100%) |
| Theme(s) | Education for the knowledge economy (60%), Education for all (40%) |
| Lending Instrument | Investment Project Financing |
| Project ID | P152914 |
| Parent Project ID | P111394 |
| Borrower(s) | |
| Implementing Agency | |
| Environmental Category | C-Not Required |
| Date PID Prepared/Updated | 07-Aug-2015 |
| Date PID Approved/Disclosed | 13-Aug-2015 |
| Estimated Date of Appraisal Completion | 15-Aug-2015 |
| Estimated Date of Board Approval | 02-Nov-2015 |
| Appraisal Review Decision (from Decision Note) | The review did authorize the team to appraise and negotiate |

I. Project Context

Country Context

The Palestinian economy slipped into a recession in 2014. Following a period of sustained economic recovery between 2007 and 2011 when the annual average growth rate exceeded 8 percent, the economy has significantly weakened. The downturn started in 2012 when growth decelerated to about 6 percent as a result of a sharp drop in foreign aid. This, against a backdrop of ongoing Israeli restrictions and high political uncertainty, led to a significant fall in public and private consumption, which caused a further drop in growth to around 2 percent in 2013. The decline continued in 2014 and the economy actually slipped into a recession before the start of the latest Gaza war. The war in Gaza has had a devastating impact on the Palestinian economy, resulting in overall negative growth. Strong growth in private consumption, fueled by bank borrowing, and net exports were the drivers behind a remarkably strong growth of five percent in the West Bank. On the other hand, the closure of tunnels with Egypt and in particular the 2014 summer war shaved some USD460 million off Gaza's economy, leading to a 15 percent contraction

of its GDP, while growth in the West Bank is expected to be around 0.5 percent.

Unemployment and poverty increased markedly. In Gaza, yearly average unemployment increased by as much as 11 percentage points to reach 43 percent in the fourth quarter of 2014—probably the highest in the world--and that in the West Bank dropped by 1 percentage point. In Gaza, the poverty rate reached 39 percent and with poverty in the West Bank at 16 percent, the aggregate poverty rate amounted to 25 percent.

Remarkably, the fiscal deficit of the Palestinian Authority was reduced in 2014, but the increase in expenditures is of concern. Thanks to strong revenue performance, with clearance revenue growth of 20 percent, largely driven by the growth in fuel imports into Gaza from Israel and growth in registered imports from third countries, the PA managed to reduce its fiscal deficit by one percentage point of GDP. Nevertheless, the growth in government recurrent expenditures of 9 percent was large and unsustainable; growth in the government wage bill and net lending are of particular concern.

Against the backdrop of a sluggish reconstruction process in Gaza, the instability of clearance revenues and high political uncertainty the economic outlook remains bleak. With the reopening of businesses following last year's war and the reconstruction process, Gaza's real GDP is expected to grow at 7 percent, while meager one percent growth is expected in the West Bank due to the reduction in consumption activity as well as the liquidity and confidence effects of Israel's withholding of the clearance revenue during the first four months of 2015.

The economic decline has had a severe impact on the livelihoods of Palestinians, particularly in Gaza. On a per capita basis, the Palestinian economy is estimated to have declined by 3 percent in 2014. Overall unemployment increased to 27 percent. It amounted to 43 percent in Gaza and 17 percent in the West Bank. Notably, yearly average unemployment in Gaza increased by 11 percentage points in 2015. Particularly alarming is youth unemployment in Gaza which soared to more than 60 percent by the end of 2014 – the highest in the region.

Preliminary Bank estimates suggest that poverty in the Palestinian territories reached 25 percent in 2014. The overall rate, however, masks wide regional divergence. Poverty in Gaza was 39 percent which is almost 2.5 times higher than that in the West Bank at 16 percent in 2014. And, according to the United Nation's Relief and Works Agency (UNRWA), almost 80 percent of Gaza's population is currently aid dependent. The stark regional divergence in the poverty incidence between the West Bank and Gaza started after the severe economic shock that hit Gaza in 2006/7, when the Israeli blockade was imposed, and that led to a dramatic 20 percentage point poverty increase in the Strip.

Sectoral and institutional Context

Education is highly valued across the Palestinian Territories. The MOEHE holds responsibility for managing public schools overseeing 67 percent of the total number of Palestinian students, including regulatory overview of schools run by the private sector. The UNRWA oversees 24 percent, while the private sector oversees 9 percent of the total general education student population. Current rates of enrollment (GER) are 94.4 percent for primary and 82.8 percent for secondary. Despite high enrollment rates and educational expenditures of approximately 4.9 percent of GDP (Caussen et al., 2013), results from national and international assessments indicate that

student learning outcomes in the Palestinian Territories are modest when compared to other countries with similar per-capita GDP or per-student expenditure.

Spending on education has increased in real terms in the last decade. In 2012 education accounted for 15.7 percent of public expenditure as compared to 13.1 percent in 2005. In terms of percentage of GDP, at 4.9 percent education, sector expenditure in WBG is on par with other lower middle income countries and with countries in the region. The increase in expenditure has taken place despite the fact that external concessional finance from the numerous development partners has in total been reduced.

Non-wage operational expenditures increased as share of total education expenditures from 12.9 percent in 2005 to 20.2 percent in 2012. The level of non-wage expenditure was in 2012 more than double the level in 2005 of which transfers to tertiary institutions, various school level operational expenditures and inputs as well as investments in new schools and classrooms have accounted for the major share of this change. In fact, in the period 2005-2012 an increasing share of the education budget has been allocated to the schools. Gradually more resources have been allocated to service delivery compared to management and administration at higher levels of the education system.

Student performance in the Palestinian Territories showed improvement between 2007 and 2011 as measured by the respective rounds of TIMSS. Despite this improvement, the performance level of Palestinian students lags behind some of their peers in the Middle East and North Africa (MENA) region and significantly below the internationally constructed average. A large number of students in the Palestinian Territories have poor learning outcomes. For example, in eighth grade math, about 48 percent of students scored less than the low TIMSS benchmark and around 7 percent performed at the high or advanced level on the 2011 TIMSS. Two major studies on classroom and school level factors determining student outcomes in WBG were completed in 2014, one focused on UNWRA schools the second dealing with Palestinian Authority schools. These analyses of the variation of learning outcomes across schools have uncovered classroom practices that are associated with higher student learning. Moreover, they conclude that teacher quality, defined as meaningful and relevant pedagogical techniques and interactions with students, is the single most important school-based determinant of student learning. Thus, the MOEHE is placing Teacher Professional Development (TPD) as one of the central pillars of the upcoming Education Sector Strategy (2015-2019).

II. Proposed Development Objectives

A. Current Project Development Objectives – Parent

The main objective of this project is to improve the competencies and skills of class teachers (i.e., those teaching grades one to four) in West Bank and Gaza schools, and in doing so to contribute to enhancing student learning in primary schools. This objective will be achieved through two type of interventions targeted at teacher educators, student teachers and under-qualified practicing teachers. First, the proposed project will support investments aimed at improving the quality and pertinence of the school-based practice component of teacher education (the teaching practicum) programs. Second, TEIP will support the supply of quality programs by higher education institutions to facilitate the upgrading of academic and professional knowledge and skills of the large proportion of practicing class teachers (i.e., teachers teaching in grades one to four) who are currently under-qualified in their academic and/or professional teaching qualifications and who do not satisfy the new standards for teacher certification that are being developed by the Commission for Developing

the Teaching Profession (CDTP) with support from EU-UNESCO. The target population of the proposed project is future teachers that are being prepared to become class teachers and under-qualified teachers currently teaching in grades one to four.

III. Project Description

Component Name

1. Strengthening school-based practice of pre-service teacher education programs

Comments (optional)

Component Name

2. Continuous Professional Development of Primary School Teachers

Comments (optional)

Component Name

3. Project Management and Implementation Support

Comments (optional)

IV. Financing (*in USD Million*)

| Total Project Cost: | 3.00 | Total Bank Financing: | 0.00 |
|--------------------------|------|-----------------------|--------|
| Financing Gap: | 0.00 | | |
| For Loans/Credits/Others | | | Amount |
| Borrower | | | 0.00 |
| Special Financing | | | 3.00 |
| Total | | | 3.00 |

V. Implementation

Implementation of Components 1 and 2: This Additional Financing (AF) of the Teacher Education Improvement Project (TEIP) will follow to a great extent the same implementation arrangements as in the ongoing TEIP. Component 1 and 2 will be implemented by the Directorate General for Supervision and Qualifications (DSQ) and National Institute of Education Training (NIET) respectively. Since this second phase of TEIP will involve the adaptation of the newly developed modules for the in-service programs (INSET) in Component 2 for inclusion in pre-service programs (PRESET) under Component 1, the linkages between these two Components will be even stronger than under the first phase. This means that it will be critical to maintain a coherent and consistent approach during the implementation of these two Components. This will be done through the recruitment of a local consultant who would play the role of Coordinator for both Components.

Fiduciary activities, including procurement and financial management will be handled by the MOEHE Project Coordination Unit (PCU) that is currently providing fiduciary support to the implementation of the current TEIP project. The PCU will act as the Bank's main counterpart for all

financial management aspects of the project. The PCU will ensure that financial management under the TEIP AF is carried out in accordance with Bank procedures. The PCU has been producing timely and reliable reports which satisfy the Bank's objective of ensuring that the funds are used for the intended purpose.

The Monitoring and Evaluation function at the project and strategic level will continue to be ensured by both the PCU and the Assessment and Evaluation Department (AED).

VI. Safeguard Policies (including public consultation)

| Safeguard Policies Triggered by the Project | Yes | No |
|--|------------|-----------|
| Environmental Assessment OP/BP 4.01 | | x |
| Natural Habitats OP/BP 4.04 | | x |
| Forests OP/BP 4.36 | | x |
| Pest Management OP 4.09 | | x |
| Physical Cultural Resources OP/BP 4.11 | | x |
| Indigenous Peoples OP/BP 4.10 | | x |
| Involuntary Resettlement OP/BP 4.12 | | x |
| Safety of Dams OP/BP 4.37 | | x |
| Projects on International Waterways OP/BP 7.50 | | x |
| Projects in Disputed Areas OP/BP 7.60 | | x |

Comments (optional)

VII. Contact point

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