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Report No: PAD1949

PROJECT PAPER

ON A

PROPOSED ADDITIONAL GRANT

IN THE AMOUNT OF US\$5.0 MILLION

FROM THE TRUST FUND FOR GAZA AND WEST BANK

TO THE

PALESTINE LIBERATION ORGANIZATION

(FOR THE BENEFIT OF THE PALESTINIAN AUTHORITY)

FOR AN

ADDITIONAL FINANCING FOR THE EDUCATION TO WORK TRANSITION PROJECT

November 9, 2016

Education Global Practice
Middle East and North Africa

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CURRENCY EQUIVALENTS

(Exchange Rate Effective October 6, 2016)

Currency Unit = NIS (New Israeli Sheqalim)

NIS 1 = US\$ 0.2646

US\$ 1 = NIS 3.7789

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
AS15-16	World Bank Assistance Strategy for the West Bank and Gaza for FY 15-16
DA	Designated Account
E2WTP	Education to Work Transition Project
GDP	Gross domestic product
GRS	Grievance Redress Service
GTS	Graduate Tracking System
IBRD	International Bank for Reconstruction and Development
ICT	Information and Communication Technologies
IDA	International Development Association
ILO	International Labor Organization
IMF	International Monetary Fund
LFS	Labor Force Survey
M&E	Monitoring and evaluation
MENA	Middle East and North Africa
MOEHE	Ministry of Education and Higher Education
MOFP	Ministry of Finance and Planning
MOU	Memorandum of Understanding
MTR	Mid-Term Review
NDP	National Development Plan
NES	National Employment Survey
NIS	New Israeli Shekels
PA	Palestinian Authority
PCBS	Palestinian Central Bureau of Statistics
PECS	Palestinian Expenditure and Consumption Survey
PCU	Project Coordination Unit
PDO	Project Development Objective
PLO	Palestine Liberation Organization
QIF	Quality Improvement Fund
SABER	System Assessment and Benchmarking for Education Results
SMEs	Small and medium size enterprises
TEI	Tertiary Education Institution

TF	Trust Fund
TFGWB	Trust Fund for Gaza and West Bank
TIMSS	Trends in International Mathematics and Science Study
TVET	Technical-Vocational Education and Training
WBG	World Bank Group
WDI	World Development Indicators
WfD	Work force Development

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WEST BANK AND GAZA
Additional Financing for the Education to Work Transition Project (P158951)

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ADDITIONAL FINANCING DATA SHEET

West Bank and Gaza

Additional Financing for the Education to Work Transition Project (P158951)

MIDDLE EAST AND NORTH AFRICA

GED05

Basic Information – Parent							
Parent Project ID:	P129861	Original EA Category:	C - Not Required				
Current Closing Date:	31-Jan-2018						
Basic Information – Additional Financing (AF)							
Date:	09-Nov-2016	Additional Financing Type (from AUS):	Scale Up				
Project ID:	P158951	Proposed EA Category:					
Regional Vice President:	Hafez M. H. Ghanem	Expected Effectiveness Date:	01-Feb-2017				
Country Director:	Marina Wes	Expected Closing Date:	31-Jan-2022				
Senior Global Practice Director:	Amit Dar	Report No:	PAD1949				
Practice Manager/Manager:	Safaa El Tayeb El-Kogali						
Team Leader(s):	Juan Manuel Moreno Olmedilla						
Borrower							
Organization Name	Contact	Title	Telephone	Email			
Ministry of Education and Higher Education	Anwar Zakaria	Assistant Deputy Minister for Education Affairs	0599258163	anwar.tarifi@yahoo.com			
Project Financing Data - Parent (West Bank and Gaza: Education to Work Transition Project P129861) (in USD Million)							
Key Dates							
Project	Ln/Cr/TF	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date
P129861	TF-12221	Effective	02-Jul-2012	02-Jul-2012	31-Jul-2012	31-Jan-2018	31-Jan-2018

Disbursements									
Project	Ln/Cr/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P129861	TF-12221	Effective	USD	6.50	6.50	0.00	5.01	1.49	77.08
Project Financing Data - Additional Financing for the Education to Work Transition Project Additional Financing (P158951)(in USD Million)									
<input type="checkbox"/> Loan <input checked="" type="checkbox"/> Grant <input type="checkbox"/> IDA Grant <input type="checkbox"/> Credit <input type="checkbox"/> Guarantee <input type="checkbox"/> Other									
Total Project Cost:		5.00		Total Bank Financing:		5.00			
Financing Gap:		0.00							
Financing Source – Additional Financing (AF)								Amount	
Borrower								0.00	
Special Financing								5.00	
Total								5.00	
Policy Waivers									
Does the project depart from the CAS in content or in other significant respects?							No		
Explanation									
Does the project require any policy waiver(s)?							No		
Explanation									
Team Composition									
Bank Staff									
Name	Role	Title	Specialization	Unit					
Juan Manuel Moreno Olmedilla	Team Leader (ADM Responsible)	Lead Education Specialist	Lead Education Specialist	GED05					
Lina Fathallah Rajoub	Procurement Specialist (ADM Responsible)	Senior Procurement Specialist	Senior Procurement Specialist	GGO05					
Riham Hussein	Financial Management Specialist	Financial Management Specialist	Financial Management Specialist	GGO23					
Emma Paulette Etori	Team Member	Senior Program Assistant	Senior Program Assistant	GED05					
Karine M. Pezzani	Team Member	Operations Officer	Operations Officer	GED05					
Andrianirina Michel Eric Ranjeva	Team Member	Finance Officer	Finance Officer	WFALA					

Mariana T. Felicio	Safeguards Specialist	Social Development Specialist	Social Development Specialist	GSU05
Mei Wang	Counsel	Senior Counsel	Senior Counsel	LEGAM
Nina Chee	Safeguards Advisor	Lead Environmental Specialist	Lead Environmental Specialist	OPSPF
Samira Ahmed Hillis	Team Member	Program Leader	Program Leader	MNC04
Suha Rabah	Team Member	Program Assistant	Program Assistant	MNCGZ
Tracy Hart	Environmental Specialist	Senior Environmental Specialist	Senior Environmental Specialist	GEN05

Locations

Country	First Administrative Division	Location	Planned	Actual	Comments
		West Bank and Gaza			

Institutional Data

Parent (West Bank and Gaza: Education to Work Transition Project P129861)

Practice Area (Lead)

Education

Additional Financing for the Education to Work Transition Project (P158951)

Practice Area (Lead)

Education

Consultants (Will be disclosed in the Monthly Operational Summary)

No consultants are required.

I. Introduction

1. This Project Paper seeks the approval of the Executive Directors to provide an additional grant in an amount of US\$5.0 million to the current West Bank and Gaza Education to Work Transition Project (P129861 – US\$6.5 million) financed through the Trust Fund Grant for Gaza and the West Bank (TFGWB).

2. The proposed Additional Financing (AF) would primarily contribute to financing the costs associated with sustaining the project's achievements and bringing its successful initiatives to an even wider group of young people so they can graduate from reformed tertiary education programs that are more relevant to labor market needs. The AF would consolidate the culture of partnerships between tertiary education institutions (TEIs) and private sector companies supported by the project in order to improve the job market relevance of study programs across multiple sectors of the Palestinian economy.

Country and Sector Context

3. **The Palestinian economic outlook is worrying: recovering slowly from the recession of 2014, the per capita income growth has almost stagnated and projected growth levels will not support an improvement in living standards.** The growth rate of the Palestinian economy is projected to hover around 3.5 percent in the medium-term. Given the high population growth in the Palestinian territories, this implies a near stagnation in per capita incomes. The economy has also not been able to create enough jobs, resulting in stubborn unemployment rates reaching 27 percent in 2016 (18 percent in the West Bank and 42 percent in Gaza), despite recent steps by Israel to increase the number of work permits for West Bank Palestinians. The productive capacity of the Palestinian economy has been eroded over the years with a significant decline in the size of manufacturing and agriculture in the economy.

4. **Economic activity has expanded since the 2014 recession mainly due to a pickup in Gaza.** After sliding into recession in 2014 following the Gaza war, economic activity has picked up with real GDP (Gross Domestic Product) growth of the Palestinian economy reaching 3.5 percent in 2015, followed by 8 percent in the first quarter of 2016 (latest available data). Growth was mainly driven by a rebound in Gaza where the economy is estimated to have expanded by 21 percent in the first quarter of 2016 due to an upsurge in construction activity which grew by 190 percent, year-on-year. This was enabled by a significant increase in the amount of construction material entering Gaza in recent months. The West Bank economy expanded by 4.2 percent in the first quarter of 2016 and growth was concentrated in services and household consumption financed by bank loans.

5. **At 27 percent, the unemployment rate in the Palestinian territories remains extremely high.** The overall figure masks wide regional differences: unemployment in Gaza at 42 percent is more than twice as high as that in the West Bank at 18 percent. Youth unemployment continues to be a major concern in the Palestinian territories, particularly in Gaza where it currently stands at 58 percent. This is partly due to low Palestinian employment in Israel, which prior to the second intifada in 2000 absorbed close to a quarter of the Palestinian labor force. The recent Israeli decision to increase the quota of Palestinian West Bankers working in Israel is encouraging as it creates benefits to the Palestinian labor market in the short-term, while providing a source of competitive labor to Israel.

6. **The growth levels projected will be unable to improve living standards.** Assuming that the current restrictions remain in place and that the security situation stays relatively calm, the real GDP growth rate of the Palestinian economy in 2016 is projected at 3.3 percent: 2.7 percent in the West Bank and 5.5 percent in Gaza. In

the medium-term, real GDP growth is projected to hover around 3.5 percent.¹ This sluggish growth implies a stagnation in real per capita income and an increase in unemployment. Moreover, downside risks remain significant. First, despite some progress in recent months, setbacks to the reconstruction process in Gaza are possible. The resumption of armed conflict cannot be ruled out and if this happens, the Gaza economy is expected to slip back into recession. Second, the outcome in the West Bank may be worse than expected if the decline in donor support exceeds current projections. Also, if tensions erupt again throughout the West Bank, they will result in elevated security risks that may negatively impact economic activity.

7. **Marked gender differences exist in labor market participation, suggesting that women face additional obstacles in an increasingly difficult climate.** The gap between working-age male and female labor market participation rates over the last decade has widened to reach 54 percentage points in 2015. The probability of labor force participation for young and older women increases as their years of education increase. The overall labor force participation rate has remained at approximately 19 percent, but is as high as 40 percent among some older women. In addition to the same constraints and societal preferences faced by other women in the Middle East and North Africa (MENA) Region on working outside the home, restrictions on mobility and safety concerns have made it even more difficult for Palestinian women to participate in the labor market.^{2 3}

8. **Conflict and mobility constraints have had a deep impact on the labor market, resulting in sluggish labor demand and insufficient employment growth in the last decade to absorb new entrants into the job market.** The economic contraction and rise in unemployment occurred immediately after the outbreak of the second intifada, then peaked after the formation of the Hamas-led government in Gaza and the 3 conflicts with Israel in 2008, 2012, and 2014. From 2002 to 2003, the labor force grew at 6.3 percent; it continued to grow in the following years but more slowly. However, this growth in labor force was not accompanied by commensurate growth in jobs. Over the last 7 years, private investment has averaged only 15 percent of GDP and foreign direct investment (FDI) has averaged even less: only 1 percent of GDP.⁴ The rate of employment of Palestinians in Israel declined while in the absence of private sector investment and restrictions on movement, access, and trade, public sector employment grew by 5 percent per year.⁵

9. **Declining private sector activity has remained concentrated in low productivity sub-sectors with weak employment growth in a difficult investment climate.** Since 1994, the manufacturing sector, expected to be a key driver of job generation and growth, has stagnated. Over the last decade, its contribution to GDP declined by 26 percent. At the same time, high value-added sectors, such as IT and tourism, have not grown at a sufficient pace to compensate for the decline in employment in the manufacturing sector. Moreover, most of the jobs created in the private sector have been in retail and non-traded services, which do not generate sufficient high quality employment opportunities.⁶ The private sector faces a difficult investment climate, as evidenced by the overall position of West Bank and Gaza (ranked 129 of 189 economies) in the 2016 Doing Business Report. Most formal enterprises remain small (in 2013, only 1 percent of establishments had 100 or more workers), coupled with a significant level of informality involving up to 140,000 workers.⁷

¹ GDP projections were produced by the International Monetary Fund (IMF).

² World Bank, 2011, "*Coping with Conflict? Poverty and Inclusion in the West Bank and Gaza*". Washington, D.C, World Bank. <https://openknowledge.worldbank.org/handle/10986/2774>.

³ World Bank, 2010, "*West Bank and Gaza - Checkpoints and barriers: searching for livelihoods - gender dimensions of economic collapse*", World Bank. <http://documents.worldbank.org/curated/en/2010/01/12643826/west-bank-gaza-checkpoints-barriers-searching-livelihoods>.

⁴ World Bank, 2015.

⁵ IMF, 2012.

⁶ World Bank, 2015.

⁷ World Bank Enterprise Survey 2013; World Bank, 2015.

10. **Equipping the workforce with job-relevant skills is a key priority and challenge in WB&G.** The labor force is now more educated due to past investments in education and training. Nevertheless, mismatches remain between the supply of, and demand for skills. The World Bank’s 2013 SABER (“Systems Approach for Better Education Results”) report on “Work force Development” (WfD) reached the following conclusions about the key aspects of education outcomes:

- a) WB&G has experienced a doubling of students every 15 years and, although the labor force is becoming more educated, compared to other countries, student achievement is low.
- b) At 43 percent, the labor force participation rate is low, due largely to low levels of female participation and high unemployment, particularly among highly skilled women (36 percent).
- c) Across the three key SABER categories in the WfD assessment—strategic framework, system oversight, and service delivery—WB&G ranked as “emerging” on a four point scale from “latent” to “emerging”, to “established”, and “advanced” scores.

11. **According to the International Labor Organization (ILO) and Palestinian Central Bureau of Statistics (PCBS) School to Work Transition Survey in WB&G, the youth unemployment rate of a university graduate is 1.5 times that of a young person with no education (47 percent and 31 percent, respectively).** This gap indicates that the skills level required by the labor market is not very high and that young people who invest in long-term education face a long queue for the few available professional jobs. Additionally, long-term unemployment, measured as seeking work for one year or longer, affected more than half (57 percent) of unemployed youth. Persistent and high youth unemployment can have adverse long-term consequences, such as a higher risk of future unemployment, a prolonged period of unstable jobs, and potentially depressed income growth. These negative long-term effects make a compelling case for public investment in tertiary education in WB&G that needs to be based on three coordinated actions: (a) new modalities of public-private cooperation to more efficiently and systematically identify the supply and demand gaps in the job market; (b) implementation flexibility to allow for targeted skills training that can close these gaps; and (c) complementary innovative financing instruments to mitigate the risks that constrain the private sector investment needed to generate growth and new jobs.

II. Background and Rationale for Additional Financing in the amount of US\$5.0 million

Project Background and Progress to Date

12. **The Education to Work Transition Project (E2WTP) Development Objective (PDO) seeks to improve the education to work transition of young Palestinians attending participating tertiary education institutions (TEIs).** The project supports: (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 Ministry of Education and Higher Education (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.

13. **The original project is a Special Financing funded through the Trust Fund for Gaza and the West Bank (TFGWB) for US\$6.5 million, to be implemented over a five-year period.** The grant was signed on July 2, 2012, and became effective on July 31, 2012 and will close on January 31, 2018. To date, the E2WTP has disbursed US\$5.01 million (77 percent of the original Trust Fund Grant) and commitments have reached almost 93 percent. There are no outstanding fiduciary issues, and financial management and procurement have *Satisfactory* ratings. Audits have been submitted on time and auditors have issued unqualified opinions. The proposed Additional Finance (AF) would neither trigger a new safeguard nor change the current environmental safeguards category.

14. **PDO progress has been rated “Satisfactory” throughout implementation.** The project is succeeding in facilitating the reform of many higher education programs, both in universities and colleges in West Bank and Gaza. Feedback from employers, academics, and students is consistently positive, and preliminary data on the project’s impact on the efficiency of the transition from education to work in WB&G is strong (see below). The key to this success lies in taking full advantage of the potential of partnerships between universities and colleges with private sector companies, and the role that the latter are playing in curriculum review and reform, and in providing practical training and internship opportunities to students. Another key activity supporting the measurement of the PDO is the development and implementation of the Graduate Tracking System (GTS): the rollout of the GTS to all TEIs began in January 2016 and was completed in June 2016. Thus, for the first time, data reports will be available before the end of 2016.

15. **PDO Indicator: The first batch of graduates benefit from the project show comparatively better labor market insertion rates than their counterparts in the same programs the previous year.** The initial cohort of graduates benefitting from the project is the first for whom it is possible to evaluate labor market insertion rates and, therefore, generate evidence on progress towards the PDO of reducing the graduate unemployment rate. Nine months after graduation in June 2015, 51 percent of the graduates of Quality Improvement Fund (QIF) Cycle One subprojects are either employed or self-employed. This percentage indicates considerable improvement of the education to work transition. In addition, the unemployment rate for these graduates (49 percent) compares very favorably to the baseline of 62 percent.⁸ Table 1 shows that this progress is due to the substantial impact of the project on college graduates, whose unemployment rate fell by 38 percentage points (from 64 percent to 26 percent), and on graduates in Gaza (a drop of 11 percentage points). Furthermore, considering the increasing constraints faced by private sector companies in both Gaza and the West Bank, these labor market outcomes of the project become even more valuable.

Table 1. Unemployment Rates Before and After the Intervention, %

Cycle One - Before and after Intervention Statistics		
	Before Intervention	After Intervention as of June 2016
Total Colleges	64	26
Total Universities	61	58
Total Gaza	78	67
Total West Bank	42	42
Total	62	49

Note: The number of graduates surveyed "before Intervention" was 1,001. The number of graduates surveyed "after Intervention" was 248 (June 2015). The "after intervention" percentage does not include the 358 graduates of June 2016; they will be tracked 9 months after graduation in April 2017.

16. **Under Component 1, the Quality Improvement Fund (QIF) has so far funded 20 TEIs-business-sector partnerships** (11 in Cycle One and 9 in Cycle Two). These partnerships cover a wide range of areas such as ICT, business management, engineering, health, fashion design, food production, agriculture, tourism (Figure 1 and

⁸ Figures are based on detailed feedback received from TEIs in their semiannual reports. The baseline of a 62 percent graduate unemployment rate corresponds to the data that individual universities collected at the project outset (classes of 2014 and 2015) for the graduates of the degree programs participating in QIF. As for the self-employed graduates, the number is small (two college graduates). One explanation for this, in addition to the still small numbers of graduates for whom we have data, is that self-employment tends to take longer than six months, and this is particularly so in West Bank and Gaza.

Annex 4). Component 1 encompasses 78 percent of the total project cost, 90 percent intended to benefit TEIs through a competitive grant scheme. As of March 2016, total disbursement for Component was 60 percent, with commitments of almost 98 percent. The 20 partnerships included 35 different study programs benefitting approximately 2,000 students, with female participation rates reaching 52 percent. QIF-funded subprojects are required to start with a labor market assessment, and include the following elements: curriculum review and innovation, international study tours, capacity development for TEI faculty staff and their partners, and in most cases, procurement of laboratory equipment and facility upgrading to improve practical training, all in cooperation with the private sector.

Figure 1. Sectors involved in QIF (%)

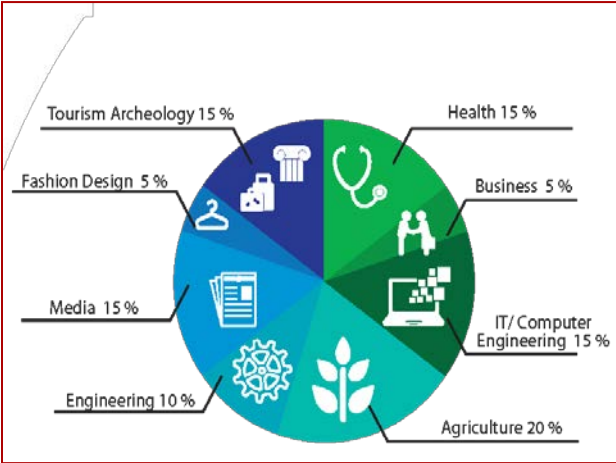


Table 2. Progress Toward Achievement of PDO

Project Development Objective				
PDO Statement				
To improve the 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 Ministry of Education and Higher Education (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.				
Project Development Objective Indicators				
Indicator Name	Baseline	Current	End Target	Current Status
Participating TEIs Graduate Unemployment Rate	62% for Cycle 1 67% for Cycle 2	49% first batch of Cycle 1 graduates	Reduction by 10 percentage points	49% for first batch of graduates. PDO indicator will start being monitored using the GTS by end 2016.

Intermediate Results Indicators⁹				
Use of Graduate Tracking System Information	0	0	2.0 (policy notes)	GTS operational as of June 2016. Thus, no policy notes have been issued yet.
Use of Graduate Tracking Portal	0	0	1,000 (hits)	GTS operational as of June 2016.
Work practice becomes available in participating TEIs	0	16	3	16 of 20 subprojects have work practice fully embedded into the study programs and under implementation. Remaining 4 subprojects expected to follow suit next academic year.
Joint Design of Study Programs between Participating TEIs and employers ¹⁰	0	16	5	10 of 11 subprojects under Cycle 1 are in the process of upgrading their programs. 8 out of 9 subprojects under Cycle 2 completed a review of the curriculum and will implement the new program next semester.

⁹ Not including new indicators.

¹⁰ The original design of the QIF in 2012 assumed that each subproject would target one academic program to undergo the reform process stated in the QIF manual (internship, soft skills, study tour, and faculty capacity building). However, some TEIs wanted to include more than one program in their proposals and went into an interdisciplinary approach that proved to be successful, adding even more relevance to the programs involved. Thus, the 20 selected QIF grant agreements have ended up targeting 35 different academic programs, 25 of which were fully developed in partnership with the private sector.

17. **The project has provided a platform to train students in practical and market-relevant skills** by adopting a new education mindset in TEIs that emphasizes practical problem-solving and real-life applications as opposed to traditional memorization of theory. TEIs realize that a close relationship with the labor market and training in practical skills are central to graduates' employability. Several QIF projects focus on entrepreneurship skills and raise the awareness of graduates on the importance of pursuing their career through the establishment of small and medium enterprises. Graduates are motivated to strive for self-reliance and self-employment, which has the potential to boost private sector development and goes beyond the mentality of "being employed." In this regard, several projects in ICT established a guided and monitored incubation process for successful business ideas to enable the eventual launch of a new business.

18. **The key to E2WTP's significant progress is the fostering of partnerships between TEIs and employers,** making TEI study programs more relevant to the needs of the labor market. Cycle One subprojects have reformed, updated, tested and implemented modified curricula in collaboration with the private sector. Cycle Two subprojects are now at an advanced implementation stage. They have benefitted from lessons learned during Cycle One through learning and exchange workshops organized by the Project Coordination Unit (PCU). In all cases, participating institutions have benefited from international good practices through study visits and, as a result, have introduced new teaching methodologies and approaches. The relevant intermediate results indicator (Table 2) has not just achieved its original target—5 study programs jointly designed—but actually tripled the target by reaching at this point 16 of the subprojects (involving a total of 25 study programs).

19. **The number of private partners willing to join the subprojects is increasing.** In several subprojects, the number of private partners that have signed a Memorandum of Understanding (MOU) with TEIs has increased over time. This increase clearly is an additional indicator of success of the partnership model and approach. By mid-2016, some 80 partners, including private companies, business membership organizations, and public employers, have committed themselves to cooperate. Some of these partners are federations and employer associations, which carry the potential engagement of more private sector companies of all sizes. In addition, the number of partnerships with other TEIs (including in the Region and beyond) is 12. This measure of internationalization is worth acknowledging (and monitoring) even if the Results Framework did not include it explicitly.

20. **The scope and depth of the partnerships are moving from *ad hoc* to *strategic*.** In selected subprojects, there are strong indications that the *ad hoc* partnerships for the implementation of QIF projects will develop into longer term partnerships that are sustainable even after the closure of the QIF subprojects.¹¹ Evolution to longer partnerships usually takes place if, during their cooperation the partners have identified joint interests and potential new joint projects, or if cooperation modes were developed that will not end with the improvement of the QIF-supported educational programs.

21. **Without exception, all QIF-supported education programs now include internships, which are organized and monitored jointly with the private partners.** Sixteen of the subprojects already have implemented the

¹¹ First, some private sector companies already were partners of TEIs before participating in the project. Yet, the project helped them better organize and structure their partnerships and encourage additional partners to join. Good examples are the rural tourism project at Birzeit University and the food industry project at An-Najah National University (NNU). Second, some private sector companies already have signed MOUs with a timeframe beyond the lifetime of the project for instance with Palestine Technical University-Kadoori (PTUK). Third, some private sector partners have understood that they can benefit from the TEIs (and the students) by helping them to solve technical issues and have realized that this can be a win-win relationship. This can be observed clearly in the ICT and the engineering subprojects (examples are the ICT project at NNU, food industries at NNU, applied chemistry at Palestine Polytechnic University (PPU) in the area of pharmaceutical industry, and the agriculture project at University College of Applied Sciences (UCAS).

internships, with the remaining four planning to do so in the fall semester of 2016 (see the relevant intermediate result indicator). Moreover, 11 TEIs have introduced soft- and employability skills modules in their programs. While all supported education programs have increased their practice orientation, to date, direct involvement of industry partners in 12 subprojects through mentoring of graduation projects or involvement in teaching and laboratory activities—has significantly increased and improved the relevance of practical learning on campuses.

22. Other important outcomes of the E2WTP, which go beyond the scope of individual QIF subprojects, and are not part of the original Results Framework, were acknowledged during the December 2015 Mid-Term Review (MTR). These additional outcomes not only speak highly of the success of the project but, even more importantly, amount to a strong potential for its sustainability beyond the proposed AF. These outcomes are:

- a. *Emergence of strategic partnerships:* There are strong indications that many of the ad hoc partnerships to implement QIF projects have now developed into longer term and strategic partnerships that will sustain after the closure of the QIF projects based on joint interests. The partners in 12 QIF-supported subprojects (this number will increase as Cycle 2 subprojects advance in their implementation process) have demonstrated a firm commitment to long-term cooperation through the establishment of Program Advisory Committees, private sector investment in TEI facilities and activities, involvement in teaching, and joint conceptualization of additional projects.
- b. *Cooperation among universities:* QIF initiatives to organize national workshops for all QIF project partners and hold cluster meetings have facilitated dialogue and experience sharing among TEIs, which is likely to lead to synergies and increased efficiency of TEIs' operations. This cooperation led, for example, to the establishment of an Agriculture Education Advisory Council in Gaza comprising all TEIs involved in agriculture training alongside major industry stakeholders. A similar development, albeit less formalized, is emerging in the field of accounting education.
- c. *Mainstreaming of good practices:* In 8 QIF subprojects, new approaches and good practice have spread to other TEIs' policies and areas.¹² This is notably the case for curriculum review and development methodologies but also the areas of establishing formal partnership arrangements with industry, introduction of soft skills and work readiness courses as mandatory elements in the curriculum, and the use of internship management tools.
- d. *Emergence of interdisciplinary approaches to increase relevance and employment orientation of programs:* Seven QIF subprojects have initiated interdepartmental approaches to program development to improve the relevance of the programs to the labor market.¹³ Specifically, these include integration of tourism programs with archeology and information and communication technologies (ICT), as well as project management with biotechnology and applied chemistry.
- e. *Developing improved national standards:* Four QIF subprojects have developed tools and programs that have an impact on the entire education and training space in their respective sectors.¹⁴ These include: (1) integrating new courses into the national standards for nursing education and development of new

¹² Ibn Sina University College, Palestine Polytechnic University (PPU-C1), Palestine Technical University- Kadoori (PTUK), Palestine Ahliya University College (PAUC), An-Najah National University (NNU-FI), An-Najah National University (NNU-IT), Palestine Polytechnic University (PPU-C2) and University College of Applied Sciences (UCAS-C2).

¹³ Al Quds University (QU), PPU-C1, PPU-C2, NNU-FI, Wajdi University College of Technology (WUC), Hebron University (HU) and Al-Azhar University- Gaza (AZU).

¹⁴ Ibn Sina University College for Health Sciences, Palestine Technical College – Der Albalah, Bethlehem University, Palestine Technical University-Kadoori.

national standards for faculty development in nursing; (2) recognizing revised curricula as national curricula; (3) establishing revised national job classifications in the hospitality and tourism sector; and (4) introducing training in accordance with international accounting standards, as well as developing an online internship management instrument for tertiary education programs.

- f. *Increasing the labor market orientation in TEIs beyond practical training and internships:* QIF implementation has witnessed an emerging awareness among TEIs of the need to design specific employment promotion initiatives supporting graduates' transition to work. At least nine subprojects have introduced specific employment promotion initiatives ranging from entrepreneurship training and placement activities to business incubators, business competitions and specific initiatives to link students to the emerging internet-service market. Such initiatives are particularly promising in Gaza.

23. **The Graduate Tracking System (Component 2) is operational as of June 2016. The WB&G are the first in the MENA region to have such a crucial national public good.** After having been rolled out to the 44 TEIs in the country, the Graduate Tracking System (GTS) underwent the National Test during the last week of June 2016. This National Test is “end-to-end”—a comprehensive functional test that includes an extra check of those TEIs with the largest student populations to ensure that the system is able to support large numbers of users at any given moment. After this test, the system went live on July 12. This GTS is a major success for the MOEHE and for the Project. WB&G now has a national public good in the sector of tertiary education that establishes the country as a pioneer in the MENA Region. Component 2 encompasses 10.2 percent of the total project costs, of which over 80 percent already are committed.

Rationale for Additional Financing and World Bank Involvement

24. **Palestinian youth lack the employability and entrepreneurship skills that are essential in a modern economy in general, and in the WB&G in particular.** Youth unemployment is one of the main economic challenges that the WB&G face today. What makes the unemployment scene even bleaker is that, in 2015, 15-29 year olds comprised 39 percent of the WB&G' population. The slow education to work transition is symptomatic of the Palestinian labor market, which is characterized by the low absorptive capacity of the private sector and restricted access to job opportunities abroad. In addition to demand-side constraints, a number of challenges in the supply of skills hinders the transition of youth into productive employment. Group discussions arranged by the World Bank education team with business owners, students, and graduates of technical colleges and universities suggest that skills mismatch and a lack of market assessment and coordination are among the most binding constraints to a successful education to work transition.

25. **After almost three years of implementation of QIF subprojects (or study programs), the QIF grant facility has proved to be an appropriate instrument to improve the quality and relevance of TEI programs in WB&G.** The QIF competitive grant-funding instrument fostered the emergence of partnerships that, in turn, promoted improved quality and relevance of higher education programs. The QIF also contributed to introduce practical teaching methodologies and to increase the number of employment-oriented courses in the curriculum.

26. **There is a need to build on the successful experience of the QIF in general, but more specifically on the success of QIF in increasing graduates' employability.** Therefore, it is critical to sustain this very strong momentum. QIF subprojects not only have strengthened the development of entrepreneurship and socio-emotional skills but also have established incubation programs supporting good ideas to grow into full-fledged businesses. As the preliminary data clearly shows, all of these programs have advanced the employability of graduates.

27. **The AF aims to expand this culture of durable and sustainable partnerships between the private sector and industry and the academic community** by engaging the business community early on in the design of the curriculum and in the teaching/learning process, and by making available on-the-job learning opportunities for students. Discussions with students overwhelmingly point to an improved learning experience through internships. Furthermore, companies highlighted the impact and benefits of internships. Direct gains for companies from internship involvement include participation of students in productive work and the possibility to appraise students' performance for potential future recruitment. At the MTR stage, companies also reported that students from QIF subprojects were considerably better prepared for work because of the more suitable labor market orientation of the curricula, more emphasis on practical teaching, and the introduction of life skills and work readiness courses. In addition, the insertion rate in the labor market of the first cohort of graduates is encouraging, particularly for colleges and Gaza. In short, this internship model is proving successful according to employers, academics, and students. The World Bank education team in MENA is considering it as a model to scale up across the Region as part of the Education for Competitiveness initiative (E4C).

28. **Link with the Bank's Assistance Strategy for the West Bank and Gaza (FY15-16).** The proposed AF is fully aligned with the strategic pillars defined in the Assistance Strategy for the West Bank and Gaza 2015-2016 (Report No: 89503 GZ), which was discussed at the Board on October 30, 2014. The proposed AF directly addresses Pillar No. 1: "Strengthen the institutions of a future state to ensure service delivery to citizens", and contributes to Pillar No.2: "Support private sector led growth that increases employment opportunities."

29. **Link with the Palestinian National Development Plan (NDP 2014–2016).** The general framework of the NDP places employment as one of the national priorities and calls for the creation of 600,000 new jobs over the next decade. Youth employment and entrepreneurship development both are priorities in the strategic development goals of the Palestinian National Authority. To achieve these goals, the NDP has put forward policies for training programs for graduates, developing the capacity of young entrepreneurs to manage SMEs, enhancing business incubators and providing advice to young entrepreneurs. Improving the quality of education, specifically vocational education, is another policy priority for 2014–16. Moreover, the PA aims to improve matching tertiary education to labor market needs.

30. **Link with the Bank's Strategy for the Middle East and North Africa (MENA) and with the World Bank's Strategic Goals.** The proposed AF is aligned with the MENA Strategy discussed in October 2015. The AF supports the strategy's Pillar No. 1 "Renewing the Social Contract" and its two areas of Quality Service (strengthening public institutions for more efficient and effective service delivery) and Opportunities (skills that match market demand). Furthermore, the AF will assist the public sector to respond better to the needs of the growing youth population and address the key public sector impediments for private sector-led economic growth. Moreover, by supporting the TEIs in overcoming the issue of skills mismatch and improving the relevance of their programs to the labor market needs, the AF will enhance the employability of students and their potential for private sector-led economic growth. All of this is aligned and responds to the World Bank's Strategic Goals of reducing extreme poverty and boosting shared prosperity in a sustainable manner.

31. **Link with the Bank's Gender Strategy.** The proposed AF is consistent with the Bank's crosscutting strategy theme of gender. Women's economic participation is a key pillar of the World Bank Group (WBG) institution-wide Gender Strategy as well as the WBG strategy for the MENA Region. The Gender Strategy, titled "Gender Equality, Poverty Reduction, and Inclusive Growth," is building on achievements and delivering tested gender-smart solutions to policy and operations. One "lever of change" to which the strategy is responding is women's access to economic opportunities, specifically job creation and asset ownership, as key drivers of growth and poverty reduction.

III. Proposed Changes

Summary of Proposed Changes	
<p><i>PDO and adjusted Key Performance Indicators.</i> There will be no change to the PDO as it continues to remain relevant to the sector's priorities and the AS15-16. No significant changes are proposed to the components or institutional, financial, and implementation arrangements.</p>	
<p>The only changes contemplated in the AF are the addition of two intermediate outcome indicators to better reflect the project's interventions and meet the Bank's new requirements to include indicators/sub-indicators on citizen engagement and gender. Intermediate outcome indicators set for the first phase of E2WTP also will remain for this second phase (AF). For two indicators, the description has been refined to better reflect what is being measured. Finally, since the closing date of the AF arrives beyond the parent project (January 31, 2022), target end dates are revised accordingly.</p>	
Change in Implementing Agency	Yes [] No [X]
Change in Project's Development Objectives	Yes [] No [X]
Change in Results Framework	Yes [X] No []
Change in Safeguard Policies Triggered	Yes [] No [X]
Change of EA Category	Yes [] No [X]
Other Changes to Safeguards	Yes [] No [X]
Change in Legal Covenants	Yes [] No [X]
Change in Loan Closing Date(s)	Yes [] No [X]
Cancellations Proposed	Yes [] No [X]
Change in Disbursement Arrangements	Yes [] No [X]
Reallocation between Disbursement Categories	Yes [] No [X]
Change in Disbursement Estimates	Yes [X] No []
Change to Components and Cost	Yes [X] No []
Change in Institutional Arrangements	Yes [] No [X]
Change in Financial Management	Yes [] No [X]
Change in Procurement	Yes [] No [X]
Change in Implementation Schedule	Yes [] No [X]
Other Change(s)	Yes [] No [X]
Development Objective/Results	
Project's Development Objectives	
<p>Original PDO</p> <p>The Education to Work Transition Project seeks to improve the 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</p>	

collected through the TEIs' graduate tracking system to monitor the outcomes of TEIs' study programs, and to inform education policy formulation and implementation.

Change in Results Framework

Explanation:

Intermediate outcome indicators set for the first phase of E2WTP will also remain for this second phase (AF). In addition, the AF would introduce two new intermediate indicators (on citizen engagement and gender) to better reflect the project's interventions.

These are: (i) "Direct project beneficiaries (#) of which female (%)": this indicator was added in order to better measure the number of full and partial beneficiaries of the project. "Full beneficiaries" are defined as those students who benefited from a full cycle of QIF, including job placement programs, and/or are supported in their research for solving real-life problems. "Partial beneficiaries" are defined as those students who partly benefited from the QIF developed programs and interventions for the practical reason that they are already into the second semester or second academic year of the program when the QIF Grant started implementation. As a result, they will only partially benefit from improved curriculum and teaching methodologies, soft and technical skills training, and the availability of internships; and (ii) "Beneficiaries that feel project investments reflected their needs (%)": a satisfaction survey will be designed and conducted under the project to collect feedback from students who benefited from QIF.

In addition, while Intermediate Result Indicator #1 and #2 remain, it is proposed to revise their wording in as follows, to provide a better description of what is being measured: Intermediate Result Indicator #1: "Work practice becomes available in participating TEIs" is modified to read "Share of subprojects that make work practice available to students", and Intermediate Result Indicator #2 "Joint design of study programs between participating TEIs and employers" is modified to read "Percentage of subprojects with joint design of study programs between participating TEIs and employers".

Accordingly, the Results Framework will be revised to reflect the above changes, including a revision of the baseline for original indicators to reflect the actual end target achieved under the parent project.

Compliance

Covenants - Additional Financing (Education to Work Transition Project Additional Financing - P158951)

Source of Funds	Finance Agreement Reference	Description of Covenants	Date Due	Recurrent	Frequency	Action
				<input type="checkbox"/>		

Conditions		
Article V, Sections 4.01 and 4.02 of the proposed Additional Financing		
Source Of Fund	Name	Type
SPF		Effectiveness
Description of Condition		
<p>Article IV. Section 4.01: The Grant Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied.</p> <p>(a) The execution and delivery of the Grant Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental and corporate action.</p> <p>(b) The Subsidiary Agreement referred to in Section I.A of Schedule 2 to the Grant Agreement has been executed on behalf of the Recipient and the Palestinian Authority.</p>		
<p>Article IV. Section 4.02: As part of the evidence to be furnished pursuant to Section 5.01(a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing the following matters:</p> <p>(a) on behalf of the Recipient, that the Grant Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms; and</p> <p>(b) the Subsidiary Agreement referred to in Section I.A of Schedule 2 to the Grant Agreement has been duly authorized or ratified by the Recipient and the Palestinian Authority and is legally binding upon each such party in accordance with its terms.</p>		
Risk		
Risk Category	Rating (H, S, M, L)	
1. Political and Governance	High	
2. Macroeconomic	Substantial	
3. Sector Strategies and Policies	Moderate	
4. Technical Design of Project or Program	Moderate	
5. Institutional Capacity for Implementation and Sustainability	Moderate	
6. Fiduciary	Moderate	
7. Environment and Social	Low	
8. Stakeholders	Moderate	
9. Other		
OVERALL	Moderate	
Finance		
Loan Closing Date - Additional Financing (Education to Work Transition Project Additional Financing - P158951)		
Source of Funds	Proposed Additional Financing Loan Closing Date	
West Bank & Gaza - Non IBRD Funded	31-Jan-2022	
Change in Disbursement Estimates (including all sources of Financing)		

Expected Disbursements (in USD Million)(including all Sources of Financing)									
Fiscal Year	2017	2018	2019	2020	2021	2022			
Annual	0.40	0.80	0.80	0.90	1.20	0.90			
Cumulative	0.40	1.20	2.00	2.90	4.10	5.00			
Allocations - Additional Financing (Education to Work Transition Project Additional Financing - P158951)									
Source of Fund	Currency	Category of Expenditure	Allocation		Disbursement %(Type Total)				
			Proposed		Proposed				
SPF	USD	Goods, Non-Consulting Services, Consulting Services, Training and Workshops, Incremental Operating Costs; and QIF Grants	5.00		100				
		Total:	5.00						
Components									
Change to Components and Cost									
Explanation: While the components will remain the same as in the Parent Project, the allocated costs will be slightly different to match the total amount of the Additional Financing (AF) of US\$ 5.0 million, and to reflect the AF's new proposed interventions to increase the size of the quality improvement fund (QIF) to benefit more students.									
Current Component Name	Proposed Component Name	Current Cost (US\$M) (parent project)	Proposed Cost (US\$M) (cumulated)	Action					
Education to Work Transition Innovation Grant Facility	Education to Work Transition Innovation Grant Facility	5.00	9.26	Revised					
Higher Education Graduate Tracking System	Higher Education Graduate Tracking System	0.60	0.71	Revised					
Project Management and Coordination	Project Management and Coordination	0.90	1.53	Revised					
	Total:	6.50	11.50						

IV. APPRAISAL SUMMARY

Economic and Financial Analysis

Explanation:

Poor quality of employment is a concern that affects the capacity of the young people in WB&G to make the most of their economic potential. An educated and skilled workforce is critical for improving not just an individual's productivity, but that of his or her coworkers, and in fostering economic growth. Specifically, providing a higher quality education fosters better educational attainments, cuts training costs for businesses, and leads to higher earnings for workers. Evidence-based research and analytics have confirmed a very close tie between the cognitive skills of a country's population and the country's rate of economic growth. There are externalities and considerable social returns for knowledge-driven economic and social development to tertiary education, providing an important role for public intervention to obtain a socially optimal investment. In addition, there are clear private returns coupled with inequities in access, implying an important role for public intervention with the purpose of redistribution, as well as the need to address capital market failures.

Technical Analysis

Explanation:

The proposed AF builds on a satisfactory parent project and, beyond that, on the now long tradition and successful experience of QIF as a competitive funding mechanism that has focused on increasing the employability of tertiary graduates for nearly 10 years in WB&G. This sustained focus on the relevance of study programs has resulted in stronger institutions within the tertiary education sector and in a very effective set of incentives for private sector companies to get involved as partners. Thus, it is evident that the QIF as a mechanism, particularly the emphasis on employability as a policy focus, has little by little shaped tertiary education policy and practice in WB&G and, as a result, is creating a different culture among administrators, academics, private sector partners, and students. The proposed AF will expand and further sustain that culture by involving yet more institutions, faculties, study programs, and private sector partners.

Social Analysis

Explanation:

The proposed Additional Financing does not introduce new social risks.

Environmental Analysis

Explanation:

The proposed Additional Financing does not introduce new environmental risks. The parent project (P129861) was classified as Category C and the proposed AF will sustain the same safeguards classification of Category C.

Risk

Explanation:

The overall implementation risk of the AF is **Moderate**. The AF's simple technical design and conservative targets, in addition to the strong implementation record of the QIF and of the MOEHE's PCU, ensure that project activities will be implemented in a timely and comprehensive manner. "Political and Governance" is rated "high" and "macroeconomic" is rated "substantial" as the AF would be implemented against a backdrop of political instability, weak governance, and a deteriorating macroeconomic situation.

32. **PDO and adjusted Key Performance Indicators.** There will be no change to the PDO as it continues to remain relevant to the sector’s priorities and the AS15-16. No significant changes are proposed to the components or institutional, financial, and implementation arrangements.

33. The only changes in the AF are summarized below:

- a. **Addition of intermediate outcome indicators.** Intermediate outcome indicators set for the first phase of E2WTP will remain for this second phase (AF). In addition, the AF would introduce two new intermediate indicators to better reflect the project’s interventions and meet the Bank’s new requirements to include indicators/sub-indicators on citizen engagement and gender. These are:
 - *“Direct project beneficiaries (#) of which female (%)”*: (see definition above).
 - *“Beneficiaries that feel project investments reflected their needs (%)”*: a satisfaction survey will be designed and conducted under the project to collect feedback from students who benefitted from QIF.
 - In addition, it is proposed to revise wording from *“Work practice becomes available in participating TEIs”* to *“Share of subprojects that make work practice available to students,”* and from *“Joint design of study programs between participating TEIs and employers”* to *“Percentage of subprojects with joint design of study programs between participating TEIs and employers”*, which is a better description of what is being measured.
- b. **Accordingly, the Results Framework will be revised** to reflect the above changes, including a revision of the baseline for original indicators to reflect the actual end target already achieved under the parent project. Concerning PDO indicator #1, the target remains unchanged. It is worth noting that the reduction in graduate unemployment will be monitored for each batch of graduates and always against the baseline established by participating universities on the unemployment (or employment) rates for the class of graduates immediately prior to the review and reform of the study program. This explains why the baseline is slightly different for Cycles 1 and 2 of the Parent Project. Moreover, it is important to emphasize that the PDO indicator aims at measuring employability of graduates in terms of the labor market insertion rate of graduates 9 months after graduation. This original indicator is considered the best available monitoring option even though the WB&G has the slowest education to work transition in the MENA region and, together with Tunisia, the highest rate of graduate unemployment (World Bank 2013). Therefore, it is apparent that this indicator is setting a high bar to determine project success.
- c. **Allocation of funds** between Components 1, 2 and 3 has been revised to match the total amount of the AF (US\$5.0 million), which is less than the parent project (US\$6.5 million).

Table 3. Revised Outcome and Intermediate Indicators

PDO: To improve the 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.					
PDO Indicator					
Change	PDO Indicator name	Baseline	Original Target	Revised Definition and New Target (until 01/31/2022)	Status
No change	Participating TEIs Graduate Unemployment Rate	62% for Cycle 1 67% for Cycle 2	Reduction by 10 percentage points	Reduction by 10 percentage points	Assessed by TEIs reports and by the GTS after June 2016
Intermediate Result Indicators					
Change	Indicator name	Baseline	Original Target	Revised Definition and new Target	Status
Revised ¹⁵	Share of subprojects that make work practice available to students	0	3	80 Percent of financed subprojects ¹⁶	16 (number of subprojects to date)
Revised	Percentage of subprojects with joint design of study programs between participating TEIs and employers	0	5	80 percent of financed subprojects	16 (number of subprojects to date)
No change	Use of Graduate Tracking System Information	0	2.0 (policy notes)	4.0 (policy notes)	0
No change	Use of Graduate Tracking Portal	0	1,000 (hits)	50,000 (hits per calendar year)	0
New	Direct project beneficiaries (#)	4,000	n/a	7,000 (cumulative number)	4,000
New	of which female (%)	51.8	n/a	50.0	51.8
New	Beneficiaries who feel project investments reflected their needs Students (%) ¹⁷	TBD	n/a	75.0	0

¹⁵ The wording for this indicator will be revised to better align with what is actually being measured.

¹⁶ Since the exact number of subprojects to be financed under the AF is not known yet, it will be more appropriate to opt for a target expressed as a percentage of subprojects instead of an absolute number. This also applies to the intermediate result indicator related to "joint result of study programs".

¹⁷ Figures will be disaggregated by male and female

Project Description

34. **The proposed AF would support activities that are consistent with the original PDO, the AS-15-16, and government priorities for the education sector.** Specifically, the AS-15-16 supports private sector jobs creation and stimulating entrepreneurship with special emphasis on youth and women. It focuses on supporting simple project design, with reliance on the AF to scale up assistance to bolster successful components of tested interventions. 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) specifically recognizes the importance of investing in human development to ensure social stability and sustainable development. The national Technical Vocational Education and Training (TVET) strategy, which was prepared in 2010 by the MOEHE, the Ministry of Labor, and other key players, represents a priority shift towards quality and relevance of education and training with the aim of graduating students who have skills and qualifications that are more responsive to the needs of a changing labor market.

35. **The AF would sustain the parent project achievements and expand the opportunities for TEIs and private sector companies to establish successful partnerships and increase the number of student beneficiaries.** In particular, the AF would strengthen the next two QIF cycles' selected subprojects in the following dimensions:

- (i) ***Establishment of sustainable international partnerships, both with tertiary institutions and with the private sector abroad.*** The experience of the current E2WTP has demonstrated that an exchange with projects and institutions abroad has had a significantly positive impact on partnerships and teaching and learning methodologies. Thus, this dimension will be encouraged and considered a plus in the applications to the next Cycles.
- (ii) ***Establishment of research partnerships with international educational institutions to support the development of research capacities in WB&G,*** assuming that research can open new markets and thus create jobs in WB&G. The research dimension of international partnerships will also be encouraged and therefore particularly valued.
- (iii) ***Encouraging partnerships between the private sector and several Palestinian TEIs providing educational programs in the same sector,*** particularly partnerships between stronger and weaker TEIs that can be promoted through additional QIF cycles. On one hand, this will increase the chances of Colleges to be successful in accessing QIF financing; on the other hand, a cluster approach to partnerships across institutions in the same sector will help mainstream innovation across the sector and make a difference in terms of sustainability, cultural change, and long-term impact.
- (iv) ***Encouraging and strengthening activities to develop capacities of supervisors and mentors in companies that provide internships*** for students and/or participate in graduation projects.
- (v) ***Strengthening of activities to raise awareness among relevant private sector companies about possibilities and benefits of collaborating with TEIs in education.*** Current QIF projects show that educational programs that target labor market segments dominated by small family businesses face considerable problems in attracting a sufficient number of companies to cooperate in training through internships.

36. Specifically, the AF would support the following:

- Two additional QIF cycles or calls for proposals.

- Awareness-raising activities to encourage business sector involvement.
- Studies to identify good partnership practices and to ascertain determinants of success and failure of such partnerships.
- Technical support to TEIs to enhance partnerships and internships, with a focus on enabling Colleges to participate.
- Learning workshops to stimulate exchanges of experiences among TEIs and to disseminate good practices throughout the tertiary education sector.
- External evaluation of project implementation and outcomes to be carried out after the second additional QIF cycle starts implementation.
- Additional support to the operation of the GTS to enable the MOEHE, TEIs, employers, and students to use the data available.
- PCU operational costs and project audits.

Table 4. Additional Financing Activities

Name of Component	Estimated Cost (in US\$ million)	Specific Activity
Component 1: Education to Work Transition Innovation Grant Facility	4.26	Fund two additional QIF cycles that will finance TEIs' proposals to improve the relevance and quality of TEIs' study programs through partnerships with the business sector (US\$3.87 million). Technical support to TEIs to enhance partnerships and internships, with a focus on enabling Colleges to participate. External evaluation of project implementation and outcomes. Learning workshops. Fund activities to raise awareness among relevant private sector companies about possibilities and benefits of collaborating with TEIs in education. In-depth study on determinants of success (and failure) of partnerships
Component 2: Higher Education Graduate Tracking System	0.11	Additional support to the operation of the GTS to enable the MOEHE, TEIs, employers, and students to use the data available.
Component 3: Project Management and Coordination	0.63	Fund PCU operating costs and fiduciary project audits.
Total	5.00	

Institutional Arrangements

37. *Project oversight and management.* The AF will follow the same implementation arrangements as the ongoing parent project as follows:

- a. The MOEHE will remain the agency responsible for project implementation and will continue to be assisted by the existing Project Coordination Unit (PCU) —established at the MOEHE—for the monitoring, implementation support, and coordination of project fiduciary aspects.

- b. Participating TEIs will be responsible for implementing the QIF subprojects. They will be assisted by the PCU and its QIF Team for the technical support, management, and monitoring of QIF subprojects.
- c. The QIF Board, appointed by the MOEHE, will continue to play its role as an oversight and advisory body to the QIF. The QIF Board is comprised of members from Accreditation and Quality Assurance Commission, universities, and the private sector, as specified in the QIF manual.

38. *QIF Operational Manual.* The existing operational manual for the QIF has been updated and improved based on the recommendations of the QIF Board and on the above-mentioned dimensions and priorities that are to be strengthened in the rounds funded by the AF. The latest version, which was reviewed by the Bank, is available to all stakeholders.

Fiduciary Arrangements

39. *General.* There are currently no outstanding fiduciary issues, and financial management and procurement have both a “Satisfactory” rating. Audits have been submitted on time and auditors issued unqualified opinions.

40. The same financial management and disbursement arrangements of E2WTP will apply to the AF. The MOEHE, through the existing PCU, will continue the financial management and disbursement functions of the project. A financial management capacity assessment for the MOEHE was carried out in December 2012, and will be updated for this Project before Negotiations. The same financial management and disbursement arrangements of the Teacher Education Improvement Project Additional Financing (TEIP AF) and E2WT will apply to the Project. The MOEHE, through the existing PCU, will continue managing the financial management and disbursement functions of the Project. The PCU is staffed with qualified and experienced members and its financial management performance on the ongoing projects is considered satisfactory. The overall risk for this project is assessed at *Moderate*.

41. QIF Competitive Grants are allocated on a competitive basis open to eligible TEIs that are licensed and accredited by the MOEHE. Approved grants will be paid to TEIs on an advance basis to meet 20 percent of initial eligible expenditures under the Grant Implementation Agreement signed between each TEI and the MOEHE. Relevant and valid supporting documents for eligible expenditures must be submitted by each TEI. The current QIF manual, which was developed for the use of the parent project, is being updated and adapted for this Project before negotiations. A separate accounting ledger for each TEI will be maintained by the PCU at the unified accounting system (Bisan).

42. A US Dollar Designated Account (DA) will be opened by the Ministry of Finance and Planning (MOFP) at Bank of WB&G and will be managed by the PCU. The PCU has the sole responsibility to disburse on behalf of the Project to suppliers, contractors, and TEIs. Each QIF competitive grant recipient (TEI) will be required to open a separate bank account in the name of the grant.

43. The PCU will produce quarterly interim unaudited financial reports (IFRs) and submit these to the MOFP and the Bank within 45 days after the end of the each quarter. The PCU will also be responsible for providing annual audited financial statements due six months after year-end. An independent external auditor will be contracted to audit the Project's financial statements on an annual basis in accordance with internationally accepted auditing standards and terms of reference acceptable to the Bank.

Procurement

44. Procurement would be carried out in accordance with the World Bank's "Guidelines: Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers, published by the World Bank in January 2011 and revised in July 2014; and "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 and revised July 2014. The same procurement arrangements in place for E2WTP will apply to the AF. In particular, MOEHE, through the PCU, will hold the overall responsibility for project procurement. The PCU will implement procurement for Components 2 and 3, while the recipient TEIs will carry out procurement for the QIF grants under Component 1 under the PCU's supervision. The PCU has substantial experience and capacity implementing procurement in accordance with the Bank Procurement and Consultants Guidelines. TEIs have also developed good procurement capacity through implementing QIF grants for almost a decade. The PCU has in place an acceptable procurement auditing and control system. The PCU prepared, and the Bank approved, a procurement plan for the AF, which includes consultants' services contracts under Components 2 and 3. The procurement section of the QIF manual is also being revised, mainly to delegate to the PCU up to a threshold of US\$10,000, the authority to clear TEI procurement decisions that follow the Direct Contracting/Single Source Selection method, provided due justification is provided by the recipient TEI. Procurement risk rating for E2WTP and the AF is **Low**.

M&E Arrangements

45. The overall project monitoring and evaluation (M&E) will remain the responsibility of the PCU, with the support of the QIF unit and the Development and Planning Department to manage data collection, aggregation, and periodic reporting on the projects, as well as closely monitoring key performance indicators. A consultant will provide additional support to collect and analyze the data that will be produced by the graduate tracking system. Implementation progress of the two components will be monitored by the PCU and QIF units through intermediate output indicators.

V. WORLD BANK GRIEVANCE REDRESS

46. Communities and individuals who believe that they are adversely affected by a World Bank supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel, which determines whether harm occurred, or could occur, because of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

ANNEX 1 - REVISED RESULTS FRAMEWORK

Project Name:	Additional Financing for the Education to Work Transition Project (P158951)	Project Stage:	Additional Financing	Status:	DRAFT
Team Leader(s):	Juan Manuel Moreno Olmedilla	Requesting Unit:	MNC04	Created by:	Karine M. Pezzani on 06-Jun-2016
Product Line:	Special Financing	Responsible Unit:	GED05	Modified by:	Karine M. Pezzani on 27-Jun-2016
Country:	West Bank and Gaza	Approval FY:	2017		
Region:	MIDDLE EAST AND NORTH AFRICA	Lending Instrument:	Investment Project Financing		
Parent Project ID:	P129861	Parent Project Name:	West Bank and Gaza: Education-to-Work Transition (P129861)		

Project Development Objectives

Original Project Development Objective - Parent:

The Education to Work Transition Project seeks to improve the 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.

Proposed Project Development Objective - Additional Financing (AF): No change.

Results

Core sector indicators are considered: Yes

Results reporting level: Project Level

Project Development Objective Indicators

Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
No Change	Participating TEIs Graduate Unemployment Rate	<input type="checkbox"/>	Percentage	Value	62.0 for Cycle 1 67.0 for Cycle 2	49.0 for Cycle 1 n/a	Reduction by 10 percentage points
				Date	30-Aug-2013	27-Jun-2016	31-Jan-2022
				Comment		Assessed by TEIs reports and by the GTS after June 2016.	

Intermediate Results Indicators							
Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
No Change	Use of Graduate Tracking System Information	<input type="checkbox"/>	Number	Value	0.00	0.00	4.00
				Date	19-Apr-2012	27-Jun-2016	31-Jan-2022
No Change	Use of Graduate Tracking Portal	<input type="checkbox"/>	Number	Value	0.00	0.00	50,000 hits per calendar year
				Date	23-Feb-2012	27-Jun-2016	31-Jan-2022
Revised	Share of subprojects that make work practice available to students	<input type="checkbox"/>	Number	Value	0.00	16 (subprojects)	80 percent of financed subprojects
				Date	23-Feb-2012	27-Jun-2016	31-Jan-2022
No Change	Joint Design of Study Programs between Participating TEIs and employers	<input type="checkbox"/>	Number	Value	0.00	16 (subprojects)	80 percent of financed subprojects
				Date	23-Feb-2012	27-Jun-2016	31-Jan-2022
New	Direct project beneficiaries ¹⁸	<input checked="" type="checkbox"/>	Number	Value (cumulative)	0.00	4000	7000
				Date	23-Feb-2012	27-Jun-2016	31-Jan-2022
New	Of which female	<input checked="" type="checkbox"/>	Percentage	Value	n/a	51.8	50.0
				Date	23-Feb-2012	27-Jun-2016	31-Jan-2022
New	Beneficiaries that feel project investments reflected their needs (students (%)) ¹⁹	<input type="checkbox"/>	Percentage	Value	n/a	TBD	75.0
				Date	23-Feb-2012	27-Jun-2016	

¹⁸ "Direct beneficiaries" refer to "full and partial beneficiaries". "Full beneficiaries" are defined as those students who benefited from a full cycle of QIF, including job placement programs, and/or are supported in their research for solving real-life problems. "Partial beneficiaries" are defined as those students who partly benefited from the QIF developed programs and interventions for the practical reason that they are already into the second semester or second academic year of the program when the QIF Grant started implementation. As a result, they will only partially benefit from improved curriculum and teaching methodologies, soft and technical skills training, and the availability of internships.

¹⁹ Figures will be disaggregated by male and female

ANNEX 2 - REVISED ESTIMATE OF PROJECT COSTS

**Table 1. Detailed Estimate Cost for the Additional Financing
for the Education to Work Transition Project**

Component/Activity	Amount (in US\$)
Component 1: Education to Work Transition Grant Facility	
1. Consultancies, workshops and training (*)	383,950.00
2. Grants	3,874,695.00
Sub-total Comp. 1	4,258,645.00
Component 2: Higher Education Graduate Tracking System	
1. Consultancies, workshops and training	110,000.00
Sub-total Comp. 2	110,000.00
Component 3: Project Management	
1. Consultancies	556,355.00
2. Operating Costs (**)	75,000.00
Sub-total Comp. 3	631,355.00
Total Project Cost	5,000,000.00

(*) *Workshops and Training Costs* means workshop/training activities (other than consultants' services) to be carried out under the Project, as approved by the World Bank, including the reasonable and necessary local and international travel incurred by participants in training seminars, workshops and study tours, as well as reasonable lodging, subsistence, local and international per diem allowances, registration, tuition, trainers and facilitators' fees, minor organizational expenses (including costs of stationery, handouts and training materials), translation and interpretation costs, facility rental costs, and other expenditures directly relating to the training workshop and the study tour activity, as may be agreed with the World Bank.

(**) *Incremental Operating Costs* means costs incurred by MOEHE under the Project on the account of: (i) operation and maintenance of office equipment; (ii) transportation and travel costs associated with Project implementation including per diem allowances for Project staff and QIF Board in local and/or international travel status; (iii) rental of office space; (iv) office supplies, utilities and office administration, including translation, printing and advertising costs; (v) communication costs; (vi) reasonable bank charges; (vii) costs of carrying out meetings; (viii) costs of printing materials for the carrying out of the communication and awareness campaign and (ix) costs of printing of data collection instruments, but excluding salaries of officials of the Recipient's civil service; and (x) costs for production of bidding documents.

Table 2. Revised Total Cost of the Project (in US\$ million)

Component	E2WTP	AF	Total
Component 1: Education to Work Transition Grant Facility	5.00	4.26	9.26
Component 2: Higher Education Graduate Tracking System	0.60	0.11	0.71
Component 3: Project Management and Coordination	0.90	0.63	1.53
TOTAL	6.50	5.00	11.50

ANNEX 3 - REVISED ECONOMIC ANALYSIS

A. Introduction

1. ***The Palestinian economic outlook is worrying: recovering slowly from the recession of 2014, the per capita income growth has almost stagnated and projected growth levels will not support an improvement in living standards.*** The growth rate of the Palestinian economy is projected to hover around 3.5 percent in the medium term. Given the high population growth in the Palestinian territories, this implies a near stagnation in per capita incomes. The economy has also not been able to create enough jobs, resulting in stubborn unemployment rates reaching 27 percent in 2016 (18 percent in the West Bank and 42 percent in Gaza), despite recent steps by Israel to increase the number of work permits for West Bank Palestinians. The productive capacity of the Palestinian economy has been eroded over the years with a significant decline in the size of manufacturing and agriculture in the economy.
2. ***Economic activity has expanded since the 2014 recession mainly due to a pickup in Gaza.*** After sliding into recession in 2014 following the Gaza war, economic activity has picked up with real GDP growth of the Palestinian economy reaching 3.5 percent in 2015, followed by 8 percent in the first quarter of 2016 (latest available data). Growth was mainly driven by a rebound in Gaza where the economy is estimated to have expanded by 21 percent in the first quarter of 2016 due to an upsurge in construction activity which grew by 190 percent, year-on-year. This was enabled by a significant increase in the amount of construction material entering Gaza in recent months. The West Bank economy expanded by 4.2 percent in the first quarter of 2016 and growth was concentrated in services and household consumption financed by bank loans.
3. ***At 27 percent, the unemployment rate in the Palestinian territories remains extremely high.*** The overall figure masks wide regional differences: unemployment in Gaza at 42 percent is more than twice as high as that in the West Bank at 18 percent. Youth unemployment continues to be a major concern in the Palestinian territories, particularly in Gaza where it currently stands at 58 percent. This is partly due to low Palestinian employment in Israel, which prior to the second intifada in 2000 absorbed close to a quarter of the Palestinian labor force. The recent Israeli decision to increase the quota of Palestinian West Bankers working in Israel is encouraging as it creates benefits to the Palestinian labor market in the short term, while providing a source of competitive labor to Israel.
4. ***The growth levels projected appear insufficient to improve living standards.*** Assuming that the current restrictions remain in place and that the security situation stays relatively calm, the real GDP growth rate of the Palestinian economy in 2016 is projected at 3.3 percent: 2.7 percent in the West Bank and 5.5 percent in Gaza. In the medium term, real GDP growth is projected to hover around 3.5 percent.²⁰ This sluggish growth implies a stagnation in real per capita income and an increase in unemployment. Moreover, downside risks remain significant. First, despite some progress in recent months, setbacks to the reconstruction process in Gaza are certainly possible. The resumption of armed conflict cannot be ruled out and if this happens, the Gaza economy is expected to slip back into recession. Second, the outcome in the West Bank may be worse than expected if the decline in donor support exceeds current projections. Also, if tensions erupt again throughout the West Bank, they will result in elevated security risks that may negatively impact economic activity.

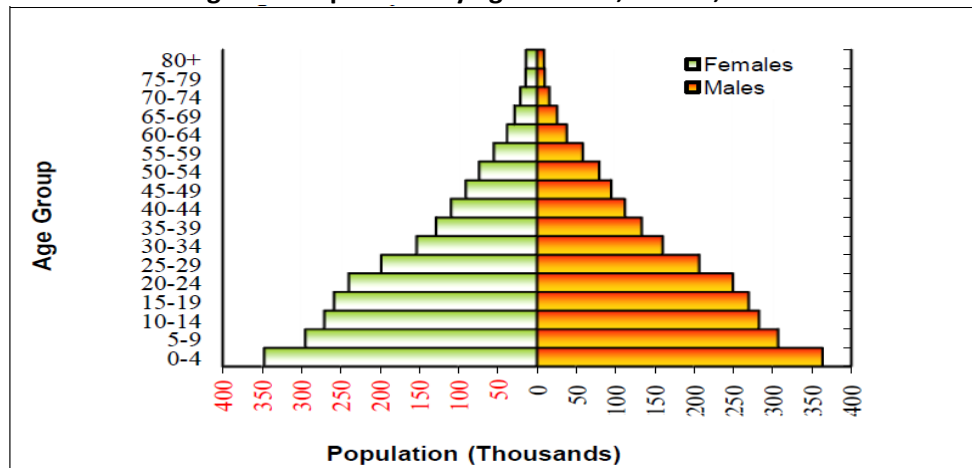
²⁰ GDP projections were produced by the International Monetary Fund (IMF).

Demographics

5. **Demographic trends have important implications on the labor market.** The WB&G have one of the youngest populations in MENA, second only to Yemen in the Region, second only to Yemen in the Region.²¹ In 2015, 40 percent of the population was under the age of 15 and 35 percent was between the ages of 25 and 64 (the working age population). Conversely, only 3 percent of the population was above the age of 65²² (Figure 1). This population composition offers a window of opportunity for the WB&G to capitalize on the potential benefits of the demographic dividend, which occurs when the working age population (i.e., independent population group) grows at a rate exceeding the rate of expansion of other age groups. The window of opportunity to capitalize the benefits of the demographic dividend will partially depend on the WB&G's ability to generate a healthy and educated workforce and a labor market with the capacity to absorb the newcomers entering the labor force.

6. **Although fertility rates have been declining but they are still high at 4.1 percent.** Fertility rates stand high at 4.1 percent (3.7 percent in the West Bank and 4.5 percent in Gaza). The annual population growth in WB&G is estimated at 3 percent (2.6 percent in the West Bank compared to 3.5 percent in Gaza). These trends affect the size of the working age population and consequently, of the labor force.

Figure 1: Population by age and sex, WB&G, 2015



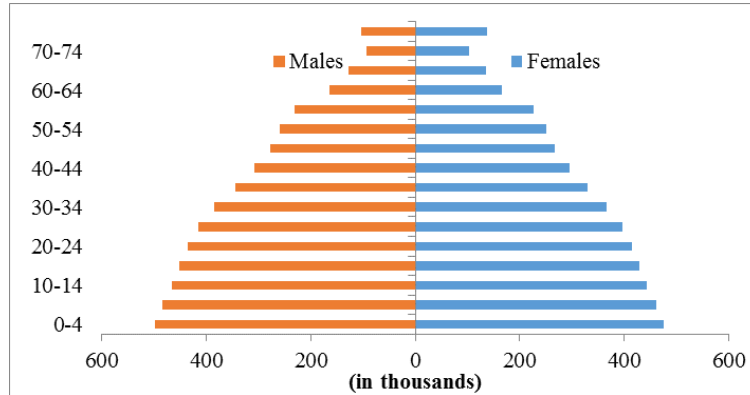
Source: PCBS, Palestine in figures 2015

²¹ PCBS, Palestine in Figures, 2014a, Palestinian Central Bureau of Statistics: Ramallah, WB&G.

²² MOH, Annual Health Report 2012, 2013a, Ministry of Health Ramallah, WB&G.

7. **By 2050, the working age Palestinians will represent almost half of the population.** The proportion of the elderly population above the age of 65 is also estimated to grow and reach 7 percent. Conversely, the share of the population under the age of 15 will shrink to 29 percent (Figure 2).

Figure 2: Population by age and sex, WB&G, 2050

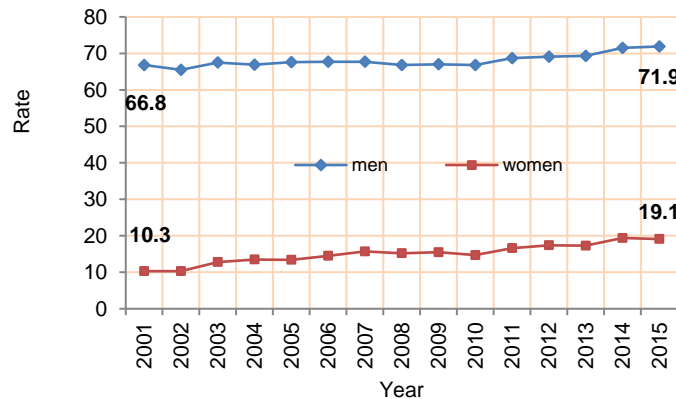


Source: World Bank: *Population Projection Tables by Country and Group*, in *HNP Stats*. 2014

Working age composition

8. **Participation of men in the labor force is about four times higher than the participation of women.** According to the PCBS, the participation rate in the labor force of persons aged 15 years and above in WB&G stood at 46 percent: 72 percent for males compared to 19 percent for females. On the level of the West Bank, the participation rate was 46 percent: 73 percent for males and 19 percent for females. Regarding the Gaza Strip, about 45 percent of persons participated in the labor force: 70 percent for males and 20 percent for females (Figure 3). In spite of the slight increase witnessed in the rates of female participation in the labor market in recent years, women’s economic participation, as well as the efforts made to increase it, remains a challenge. The rate of participation of Palestinian women in the labor force is one of lowest in the world, in comparison with the global rate of 53 percent, despite the high level of education of Palestinian women.

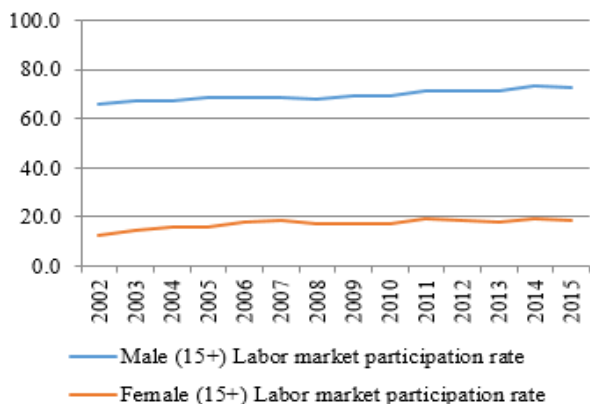
Figure 3: Men and women labor force participation rate aged 15 years and above (2001-2015)



Source: PCBS, Labor Force Status Report, 2016

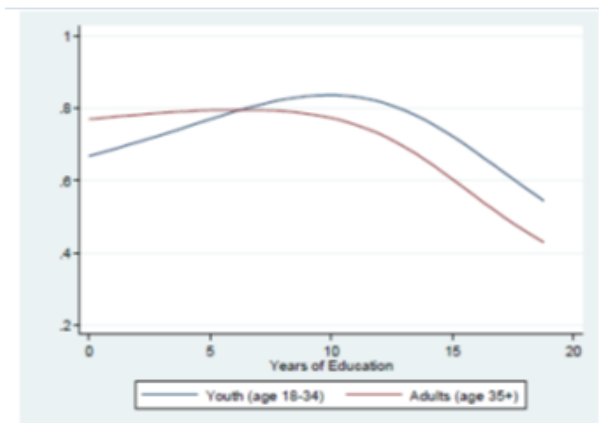
9. **Marked gender differences exist in labor market participation, suggesting that females face extra obstacles in an increasingly difficult climate.** The gap between working-age male and female labor market participation rates over the last decade has widened and reached 54 percentage points in 2015 (Figure 4). While the probability of labor force participation for young and older women increases as their years of education increase (Figure 5), the overall rate of 19 percent is remarkably low when compared to the MENA average of 21.8 percent in 2014, one of the lowest regional rates in the developing world.

Figure 4. Labor force participation by gender in WB&G, 2002-2015



Source: PCBS, 2015

Figure 5. Probability of women dropping out of the labor force by age and education, 2009



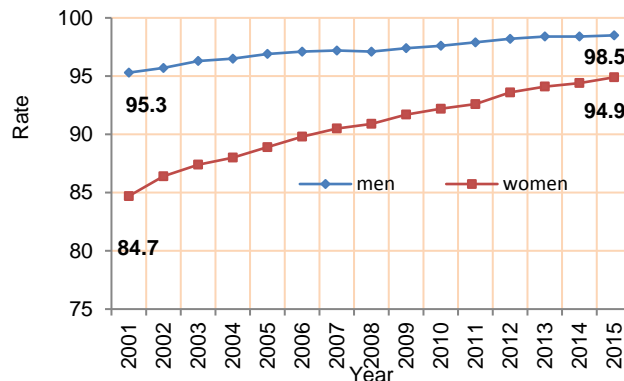
Source: Palestinian Expenditure and Consumption Survey (PECS), 2009

10. **A gender gap is evident for the average daily wages between men and women.** According to the PCBS 2015 Labor Force Status Report, the average daily wage for females was NIS 81.9 compared to NIS 108.0 for males in 2015.

11. **The share of young people outside the labor force is high, in particular for young women.** The share of young people outside the labor force stood at 61.5 percent. More than 8 in 10 young women (84.4 percent) are inactive compared to less than 4 in 10 young men (38.2 percent). The reasons for inactivity differ between the sexes; young males are almost exclusively inactive due to engagement in school, while young inactive females are split between current students and inactive non-students, likely to be looking after the household.

12. **Literacy among women witnessed a continued rise.** The literacy rates reached 94.9 percent for females compared to 98.5 percent for males in 2015 (Figure 6). Despite the rise in literacy rates among females over the last decade, the gap is still in favor of males by 3.6 percent.

Figure 6: Literacy rates for men and women aged 15 years and above during 2001-2015

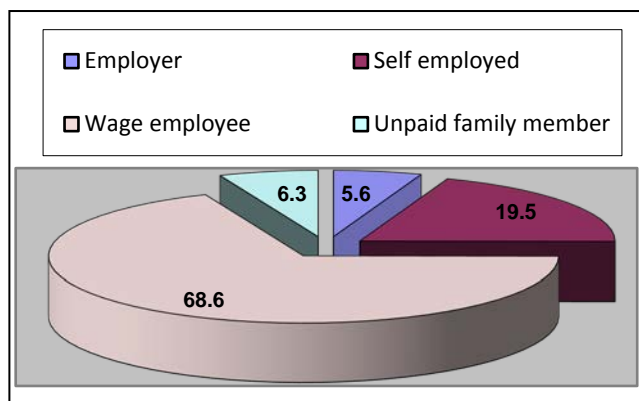


Source: PCBS, 2016

Employment Status

13. **More than two thirds of employed persons are wage employees.** A recent Labor Force Survey by PCBS for the first quarter of 2016 (January- March, 2016) showed that more than two thirds of employed persons are wage employees as illustrated in Figure 7 (64.1 percent in the West Bank compared to 79.1 percent in the Gaza Strip). Another 19.5 percent of employed persons are self-employed (21.8 percent in the West Bank and 14.1 percent in Gaza Strip), while the remaining are either unpaid family members (6.3 percent: 7.2 percent in the West Bank and 4.1 percent in Gaza Strip), or employers (5.6 percent: 6.9 percent in the West Bank and 2.7 percent in the Gaza Strip).

Figure 7: Percentage Distribution of Employed Persons by Employment Status, Q1-2016



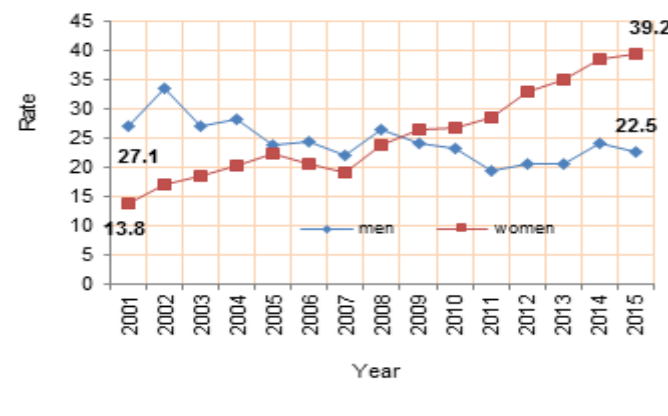
Source: PCBS Labor Force Survey, Q1 2016

14. **The majority of the youth are waged employees mostly working in the private sector.** Moreover, the survey found that 85 percent of the youth are waged employees: 84.9 percent in the West Bank and 85.8 percent in the Gaza Strip. The percentage of paid employees of total employed persons was 84.9 percent for males compared to 86 percent for females. Approximately 83 percent of youth (15-29 years) were employed in the private sector; 83.7 percent in the West Bank, compared to 82.3 percent in Gaza Strip, while another 10 percent were employed in the national institutions.

15. **The economic participation of women is largely affected by the low demand for female employment and the distorted nature of the Palestinian economy in favor of the services sector.** As things stand, 83 percent of women remain outside of the labor market. The mismatch between education and labor market’s needs is another important factor. The rate of enrolment in universities is high in WB&G, but women’s enrolment tends to concentrate in typically fields related to their traditional roles, such as health care, education, arts, humanities, and life science.

16. About half of women with 13 schooling years and above are unemployed. The unemployment rate was 39.2 percent for women against 22.5 percent for men in 2015 (Figure 8). It should be noted that women unemployment rate was the highest among women with 13 years of schooling and above, standing at 48 percent.

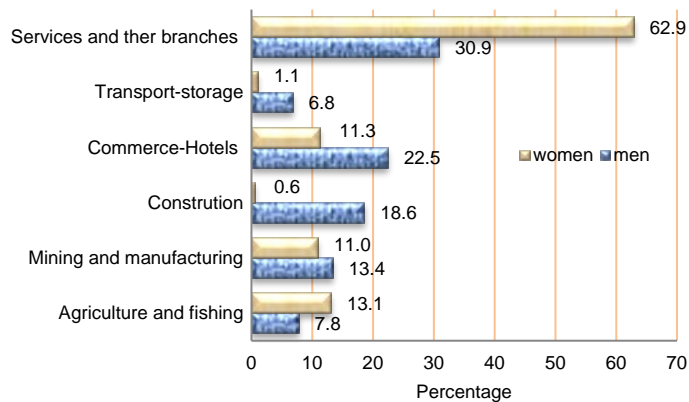
Figure 8: Unemployment rate among men and women 15 years and above, 2001-2015



Source: PCBS, 2016

17. **The majority of women work in the service sector (health, education and public sector).** Services and agriculture sectors comprise the main employer (job absorber) of women, accounting for 62.9 percent and 13.1 percent of the total number of employed women respectively (Figure 9).

Figure 9: Percentage distribution of employed persons 15 years and over by sex and economic activity, 2015



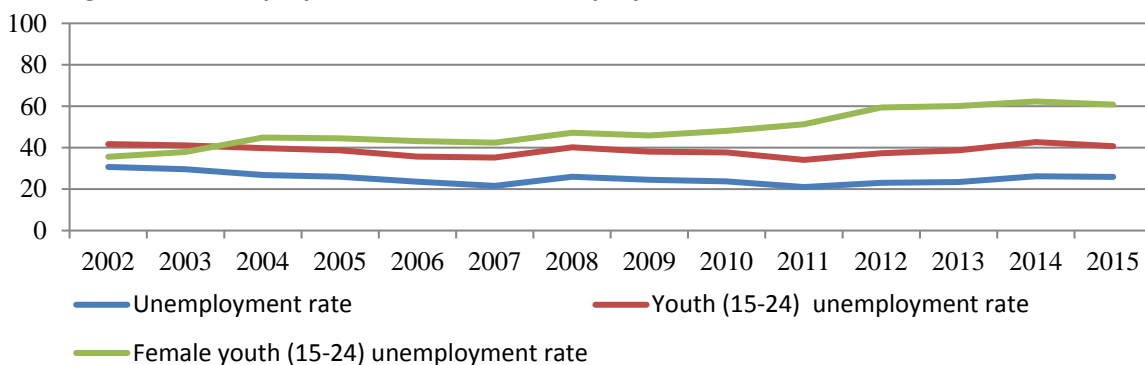
Source: PCBS, 2016

Unemployment

18. **Equally worrying is the continuous increase in youth (aged 15-24) unemployment rates.** The gap between overall unemployment rate and youth unemployment rate increased from 11 percentage points in 2002 to 14.8 percentage points in 2015. Female youth experienced the largest increase with almost twice as many unemployed in 2015 compared to earlier years.²³ Data from the Palestinian Expenditure and Consumption Survey (PECS, 2009) show that young male adults (18-34) were more likely to leave the labor market even as their years of education increased, possibly due to discouragement and growing frustration.²⁴

19. **Unemployment in the WB&G has been amongst the highest in the world as a consequence of the economic and political crisis that followed the outbreak of the second Intifada in 2000.** Peaking just above 30 percent in 2002 and exhibiting a slow decline by 2007, the rate of unemployment remained well above 20 percent in the last decade and rebounded to 25.9 percent in 2015 (Figure 10). However, these unemployment rates understate the true degree to which Palestinians lack work, since those who have jobs increasingly report being underemployed during the working week. The incidence of underemployment among those employed rose from 15 percent in 1998 to above 25 percent in 2009.^{25 26}

Figure 10. Unemployment and Youth Unemployment in West Bank & Gaza, 2002-2015



Source: World Development Indicators (WDI) for years 2002-2014; PCBS, 2015

20. **Youth unemployment rates have been increasing with higher severity among females.** Unemployment rate among participants in the labour force aged 15 years and above in the WB&G stood at 26 percent (about 336 thousand persons); 23 percent for males and 39 percent for females. The unemployment rate in the West Bank was 17 percent (about 143 thousand) in 2015: 15 percent for males and 27 percent for females, compared to 41 percent in Gaza Strip (about 193 thousand): 36 percent for males and 60 percent for females (Figure 11). The gap between overall unemployment rate and youth unemployment rate increased from 11 percentage points in 2002 to 14.8 percentage points in 2015. Female youth experienced the largest increase with almost twice as many

²³ Rising female unemployment since 2003 may suggest that widespread male unemployment is pushing women into work. Estimates of a model that corrects for labor market participation and worker characteristics show that female workers and the youth are more likely to be employed when the head of household is unemployed (World Bank, 2011).

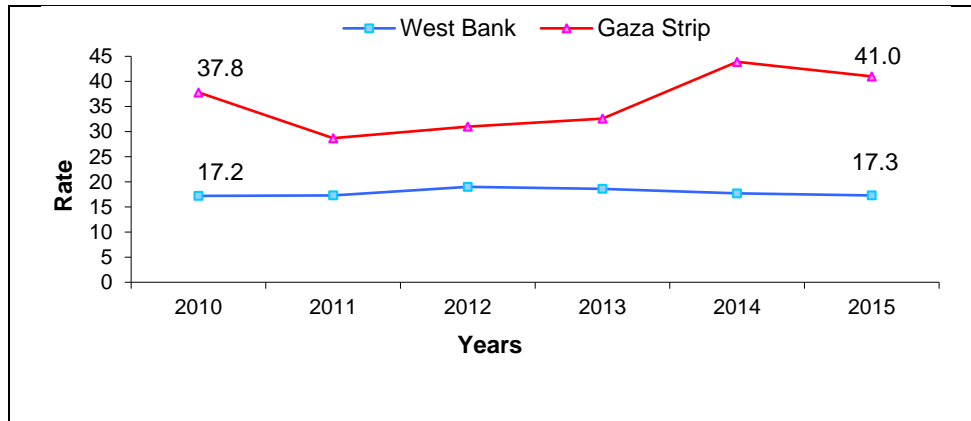
²⁴ World Bank, 2011.

²⁵ An employed person is defined as under-employed if reported hours worked per week are less than 35, and expressed as percentage of those who are currently employed.

²⁶ World Bank, 2011. "Coping with Conflict? Poverty and Inclusion in the West Bank and Gaza". Washington, D.C: World Bank Group. Available at: <https://openknowledge.worldbank.org/handle/10986/2774>.

unemployed in 2015 compared to earlier years.²⁷ Data from the Palestinian Expenditure and Consumption survey (PECS, 2009) show that young male adults (18-34) were more likely to leave the labor market even as their years of education increased, possibly due to discouragement and growing frustration.²⁸

Figure 11: Unemployment Rate Among Persons Aged 15 Years and Above by Region, 2010-2015



Source: PCBS, 2016

21. **The average unemployment period for youth in WB&G reached 25.7 months; 23.6 month in the West Bank and 27 months in the Gaza Strip.** Conversely, it recorded 24.2 months for males compared to 29.4 month for females. Based on the PCBS Palestinian Youth Survey for 2015, the majority of the youth (76.4 percent) reported that unavailable jobs were the main reason for not working, while 9.6 percent reported that their job does not match their qualifications and experience.

Education

22. **Unemployment rate of a university graduate is 1.5 times that of the young person with no education.** According to the ILO’s and PCBS’s School to Work Transition Survey in WB&G, the youth unemployment rate of a university graduate is 1.5 times that of the young person with no education (47 percent and 31.2 percent, respectively). This indicates that the skills level required by the labor market are not very high and that young people who do invest in long-term education face a long queue for the few available professional jobs. While 31 percent of unemployed youth seek professional occupations and 75 percent of current students state a preference for a future career as “professional”, professional jobs represent only 13.1 percent of the currently employed youth. Youth who major in Natural Sciences recorded the highest unemployment rates (70.4 percent), followed by Humanities (64.7 percent). For young men, graduates in Mathematics and Statistics have the highest rates of unemployment (47.3 percent), followed by Personal Services (45.8 percent). For young women, the highest rates of unemployment are for those who majored in Media (88.9 percent) and Natural Sciences (82.3 percent).²⁹

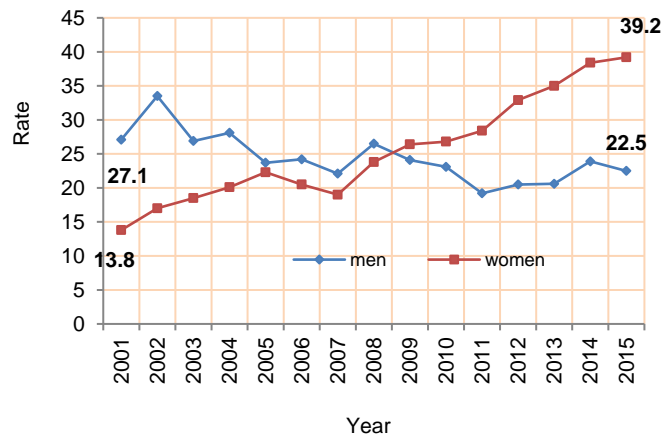
23. **About half of women with 13 schooling years and above are unemployed.** The unemployment rate was 39.2 percent for women against 22.5 percent for men in 2015 (Figure 12). Remarkably, female unemployment rate was the highest among females with 13 years of schooling and above, standing at 48 percent.

²⁷ Rising female unemployment since 2003 may suggest that widespread male unemployment is pushing women into work. Estimates of a model that corrects for labor market participation and worker characteristics show that female workers and the youth are more likely to be employed when the head of household is unemployed (World Bank, 2011).

²⁸ World Bank, 2011.

²⁹ Ibid.

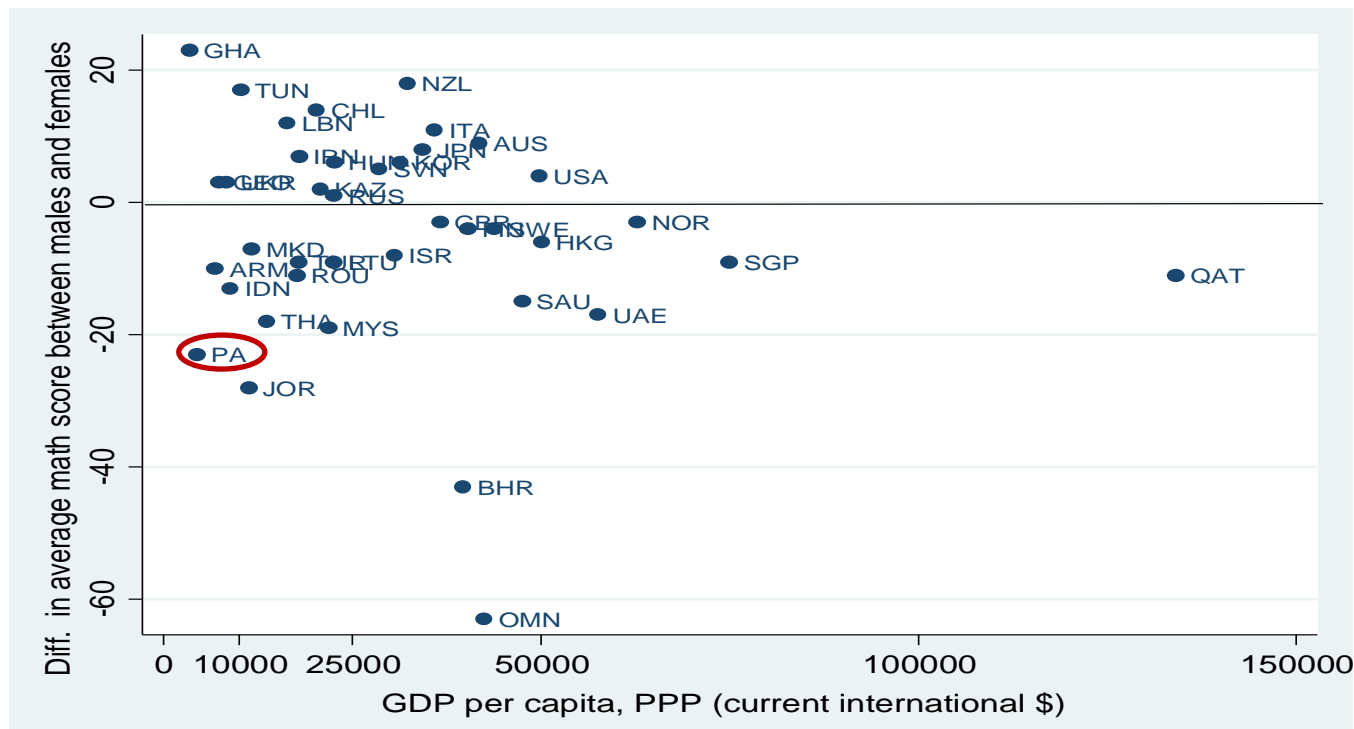
Figure 12: Unemployment rate among men and women 15 years and above 2001-2015



Source: PCBS, 2015

24. ***The gender gap in the labor market is present despite the fact that females outperform males in their educational outcomes.*** As shown in the scatterplot below (Figure 13), eighth grade female students in the WB&G outperformed their male counterparts in the 2011 Trends in International Mathematics and Science Study (TIMSS) mathematics exam by an average of 23 score points. The gender gap in TIMSS scores is apparent in many countries, but seems more pronounced in the WB&G and in several other MENA countries, namely Jordan and the Gulf. Moreover, this education gender gap is evident in higher education. In 2014, the completion rates for secondary education and the gross enrollment ratio in tertiary education for females reached 82.1 and 54 percent respectively, while the rates for males reached 66.9 and 35 percent respectively. Unfortunately, positive education trends for women do not translate into progress in the labor market.

Figure 13. Difference in average mathematics scores of 8th-grade students between male and female students, by country, TIMSS 2011



Source: TIMSS 2011; WDI 2011

Labor market Transition

25. ***The Youth in the WB&G may be unemployed for a very long period.*** The results of ILO’s household survey on school to work transition of young people aged 15-29 conducted in 2013³⁰ showed that a young person in the WB&G may be unemployed for a very long period. The share of unemployed youth with duration of unemployment greater than two years was 32.2 percent (31 percent for young men and 35 percent for young women). Long-term unemployment, if measured as seeking work for one year or longer, impacted more than half (56.7 percent) of unemployed youth. Persistent and high youth unemployment can have adverse long-term consequences, such as a higher risk of future unemployment, a prolonged period of unstable jobs and potentially depressed income growth (ILO, 2010). At the same time, the longer jobseeker’s period of unemployment, the more likely prospective employers are to harbor negative perceptions of the young jobseeker, whom they may start to see as unemployable.

26. ***A minority share of young Palestinians had completed their labor market transition to stable and/or satisfactory employment (22.6 percent). Nearly half (45.6 percent) had not started the transition and 31.8 percent remained in transition.***³¹ While 38.9 percent of young men had completed the labor market transition, the same could be said of only 6.6 percent of women. The majority of women (62.1 percent) had not yet started a transition (compared to 29 percent of young men) and 31.3 percent remained in transition (compared to 32.2 percent of men). Unemployment was the main reason for an incomplete transition (74 percent of all youth in

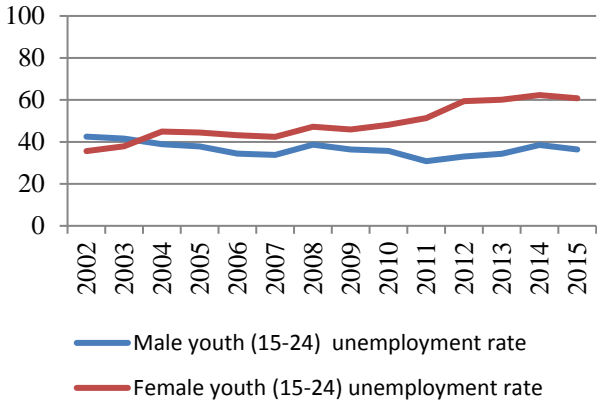
³⁰ Tareq Sadeq; Sara Elder (2014), ILO, “Labor market transitions of young women and men in the Occupied Palestinian Territory”. Work4Youth Publication Series, No. 20; Youth Employment Programme; Employment Policy Department; September 2014.

³¹ Ibid.

transition were unemployed). One-fifth (20.8 percent) of in-transition youth were inactive with future plans to work, which left only 5.3 percent of youth remaining in transition because of their engagement in non-satisfactory temporary or self-employment.

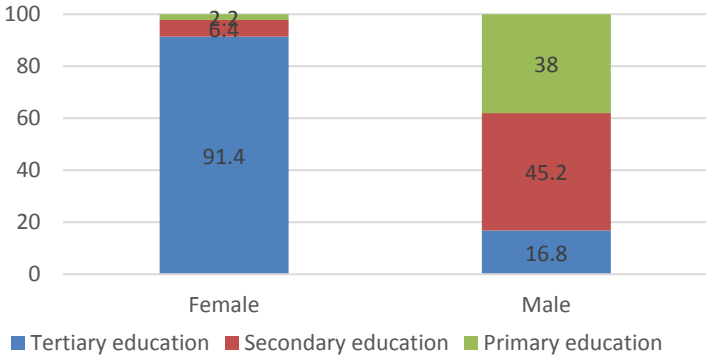
27. **Gender differences exist within the labor market and translate into stark difference by gender in transition patterns from education to employment.** In the absence of new private sector investment, there is limited potential to absorb the large and growing number of young job seekers. However, within this already limited sphere, females are unable to compete on an equal footing. Young and college educated female graduates seem to face extra obstacles in finding employment. The gap in female and male youth unemployment increased from 6 percentage points in 2004 to 24.4 percentage points in 2015 (Figure 14). More strikingly, in 2013, women with tertiary education comprised 91 percent of female unemployment, while tertiary educated males comprised only 16.8 percent of male unemployment (Figure 15). This indicates that the transition patterns from education to employment differ starkly by gender. For women who eventually find employment, 70 percent are employed in the public sector and the main field of employment is the service sector, which employs about 62.9 percent of women. The agriculture, hunting, and fishing sector provide job opportunities to about 13.1 percent of females and the commerce, hotels and restaurant sector employs 11.3 percent of women (PCBS, 2015). These trends suggest that opportunities for finding productive work with potential for growth have diminished for women.

Figure 14. Youth (15-24) Unemployment, 2002-2015



Source: PCBS, 2015

Figure 15. Composition of unemployment by education, 2013



Source: WDI for years 2002-2014

28. **Gender-specific constraints faced by women to participate in the labor market and find wage employment possibly exist on both the demand and supply sides.** On the labor supply, factors that may affect their low participation rates include cultural attitudes towards work and aspects of education, security concerns and mobility restrictions, and lack of suitable work environment and wage discrimination.³² Skills mismatch and the relevance of skills for the needs of the labor market have been identified as a major constraint, particularly in light of women’s confinement in streams and professions with limited absorptive capacity.³³ In 2014, the percentage of women who occupied professions such as lawyers and engineers reached 20.9 and 22.2

³² Brodmann et al., 2012.

³³ Ibid.

respectively, while the percentage is much higher in other professions such as teaching.³⁴ On the demand side, evidence points to women facing a more hostile business environment than men. In 2013, the percentage of firms with a female top manager in the WB&G was only 1.2 percent.³⁵ In addition, only 3.4 of women became entrepreneurs in 2009 with businesses aged 3 years or younger, compared to 12.4 percent of men.³⁶

29. ***The skills development sector – which includes training providers, Technical and Vocational Training (TVET) schools, universities, the Ministries of Labor and Education – remains insufficiently coordinated and inadequately linked to the private sector.***³⁷ As illustrated in the 2013 System Assessment and Benchmarking for Education Results (SABER) report, the WB&G scores low in terms of “fostering a demand driven approach”, indicating the few existing opportunities for the private sector to play in the planning, oversight, and delivery of workforce training.

30. ***Poor quality of employment is a concern that affects the capacity of the young people in WB&G to make the most of their economic potential.*** The average length of labor market transition is 31.8 months (more than 2.5 years) for those who did not move directly to their current job compared to 19.5 months during the transition period and 55.6 months for young Palestinian “stuck in transition”.

31. ***Policies that promote employment-centered and sustainable growth are vital if young people are to be given a fair chance at a decent job.***³⁸ Youth labor market outcomes are closely related to overall employment trends but are more sensitive to the business cycle. A boost in aggregate demand is key to addressing the youth employment crisis as this will create more job opportunities for young people. ILO research shows that macroeconomic policies can influence youth employment by: (i) encouraging economic diversification and productive transformation; (ii) reducing macroeconomic volatility by engaging in timely and targeted counter-cyclical policies; (iii) loosening constraints on private sector growth, with a particular emphasis on access to finance for micro, small and medium-sized enterprises (SMEs); (iv) focusing on targeted demand-side interventions with particular impact on youth employment (e.g. labor-intensive infrastructure works, public employment programs, wage and training subsidies); and (v) ensuring adequate and predictable funding for targeted youth employment interventions.

32. ***Any new initiative to address the issue of job creation in the WB&G will require high level of coordinated actions.*** In order to address the issue of job creation, a minimum of three coordinated actions must be addressed which are: (i) new modalities of public-private cooperation to identify more efficiently and systematically the supply and demand gaps in the job market; (ii) implementation flexibility to allow for targeted skills training that can close these gaps; this training would need to be provided in a timely and measurable manner amenable to assessing the responsiveness of skills support to a regularly changing market demand; and (iii) complementary financing instruments to mitigate the fragmentation and risk that constrain the increased private sector investment needed to generate growth and new jobs.³⁹

³⁴ PCBS, 2014.

³⁵ World Bank Enterprise Survey, 2013.

³⁶ Global Entrepreneurship Monitor, 2009.

³⁷ World Bank, SABER Report, 2013.

³⁸ ILO, 2013a.

³⁹ World Bank, SABER Report, 2013.

A. Project's Development Impact

33. ***Experience from the previously implemented QIF projects⁴⁰ confirmed that the project helped improve the quality and relevance of tertiary education in WB&G,*** thereby promoting youths' labor market prospects and setting the ground for private sector-led growth. The type and nature of the supported projects cater to important skills in demand in the labor market. They have specifically focused on immediate employability after graduation through the establishment of partnerships with relevant market players during the programs. This was a timely effort to prepare youth for the future--a timely effort to promote socio-economic integration, hope, empowerment and inclusion of WB&G youth facing a highly competitive labor market.

34. ***The QIF as a competitive mechanism has been overwhelmingly accepted as a unique tool to shift and disrupt the prevailing mindset of traditional development interventions that are usually led by external donors without creating local ownership.*** Through the introduction of the internal competition among TEIs in close partnership with private sector partners, QIF has placed the responsibility for success of development interventions more closely with the recipient beneficiaries themselves. Additionally, QIF has promoted unique and innovative projects that lead the industry and create previously non-existing markets and jobs, tapping into essential fields for the Palestinian society ranging from public health, food production, tourism, fashion design, ICT, business management and agriculture to industrial engineering.

35. ***Overall, the project has supported the establishment of 20 important and strategic partnerships that included 35 study programs among TEIs and the public and private sector, where female participation exceeded 50 percent and benefitting approximately 2,000 students.*** By mid-2016, some 80 partners have committed themselves to cooperation, which include private companies, business membership organizations and public employers. Some of these are federations and employer associations, which in fact entail the potential engagement of more private sector companies of all sizes. On the other hand, the number of partnerships with other TEIs (including in the region and beyond) is 12, which is another good indicator of internationalization.

36. ***Furthermore, the project has provided the platform to train thousands of students in practical and market-relevant skills*** adopting a new education mindset that emphasizes practical problem-solving and real-life applications as opposed to traditional memorization of theory in higher education programs. TEIs realized that a close relationship with the labor market and training in practical skills are central to graduates' employability enabling them to play a crucial and positive role in society.

37. ***Several QIF projects focused on entrepreneurship skills and raised the awareness of graduates on the importance of pro-active engagement in pursuing their career*** through the establishment of small and medium enterprises. Graduates were motivated to strive for self-reliance and self-employment, which has the potential to boost private sector development and go beyond the mentality of 'being employed'. In this regard, several projects in IT established a guided and monitored incubation process for successful business ideas to enable the eventual launch of a new business.

38. ***The first batch of graduates benefitting from the Project show comparatively better labor market insertion rates than their counterparts in the same programs the previous year.*** Nine months after graduation in June 2015, 51 percent of the graduates of QIF Cycle One subprojects are either employed or self-employed.

⁴⁰ QIF has so far funded 20 TEIs-business-sector partnerships.

These figures show an obvious improvement⁴¹ in terms of education to work transition as the unemployment rate for these graduates, compares very favorably to the baseline of 62 percent. Table 1 below shows how this progress is due to the truly impressive impact of the Project on College Graduates (38 percent less unemployment than the baseline) and in Gaza (11 percent less). Furthermore, considering the mounting constraints faced by private sector companies in both Gaza and the West Bank, these labor market outcomes of the Project become even more valuable.

Table 1 - Unemployment Rate Percentage Difference

Cycle One - Before and After Intervention Statistics		
	<i>Before Intervention</i>	<i>After Intervention as of June 2016</i>
Total Colleges	64%	26%
Total Universities	61%	58%
Total Gaza	78%	67%
Total West Bank	42%	42%
Total	62%	49%

Note: Number of graduates surveyed in "Before Intervention" is 1001. Number of graduates surveyed in "After Intervention" is 248. The "after intervention" percentage does not include the graduates of 2016 who are 358; those will be tracked 9 months after graduation ", April 2017".

39. ***The project shows to be instrumental in mainstreaming gender and promoting female employability.*** One of the eligibility criteria of awarding QIF grants is to ensure gender balance, which rewards proposals that target females. These indicators are tracked and closely followed up via mandatory reporting. Overall, female participation and percentage in each benefiting QIF grant under the project is acceptable. The current share of female participation is about 52 percent.

40. ***The project has clearly contributed to a boost in educational quality across the participating TEIs in the WBG, creating a momentum to continue the path of quality improvement.*** Members of the teaching and managing staff at the participating TEIs have unanimously stated that the project has deeply 'changed the teaching and learning methods in their institutions. Graduates also echoed that QIF projects have significantly improved the respective educational programs in terms of equipment, research, resources, and educational methodology and more importantly apprenticeship. Further, companies also highlighted the impact and benefits of internships. Direct gains from internship involvement for companies include participation of students in productive work and the possibility to appraise students' performance with a view to future recruitment. Companies also reported that students from QIF subprojects are now considerably better prepared for work because of a better labor market fit of the curricula, more emphasis on practical teaching and the introduction of life skills and work readiness courses. Improvement of these areas would not have occurred at this rapid rate without the QIF intervention.

⁴¹ Figures are based on detailed feedback received from TEIs in their semi-annual reports. The baseline of 62 percent graduate unemployment rate corresponds also to the data individual universities collected at the outset (classes of 2014) of the Project for the graduates of those degree programs participating in QIF.

B. Public Sector Justification

41. ***Although private sector job creation is a key problem, MENA’s employment challenge also stems in part from the skill gaps and mismatches generated through the education and training system.*** On average, one-third of unemployed youth are university graduates, even though some enterprises report being unable to fill vacancies. About 40 percent of employers in the MENA region identify skill mismatches as a major constraint to doing business and growth.⁴² Although further economic development and employment in MENA countries increasingly rely on job creation in the private sector, the education systems have a legacy of preparing youth for public sector jobs.

42. ***Education and training systems in the MENA region are finding it difficult to meet the shifting labor market needs.*** These systems emerged as part of the post- independence social contract, which included an emphasis on public sector employment and on the role of education and training systems in preparing youth for public sector jobs. In recent decades, however, public sector jobs have become costly to generate for an expanding pool of applicants, driven by high population growth, the increasing participation of females in the labor force, and rising labor force qualifications. Moreover, the formal private sector has been curtailed in some MENA countries by crony capitalism and a poor business climate.⁴³ The result is that there are few “desirable” jobs—too few, in fact, to motivate the education and training systems to adopt reforms that would produce skills applicable to the private sector.⁴⁴

43. ***Market failures and the case for public intervention and financing in the education sector have been well established*** and include several main justifications, the most relevant of which to WB&G will be reviewed here. The first and most commonly cited public sector justification for funding education is the presence of externalities from schooling. In particular, many argue that an educated workforce is critical for the adoption of new technologies and for improving, not just an individual’s productivity, but that of his or her coworkers”.⁴⁵ Specifically, providing a higher quality education fosters better educational attainments, which increase the ability of workers to deal with technology, cut training costs for businesses, and lead to higher earnings for workers.⁴⁶ In addition, several studies have demonstrated a very close tie between cognitive skills of a country’s population and the country’s rate of economic growth; in particular, countries that perform better on international math and science tests have stronger growth in their economies.⁴⁷

44. ***Beyond the political instability, which arguably is the main constraint in improving education services, the education system in the WB&G has long relied on obsolete and outdated pedagogical methods,*** characterized by teacher-centered learning with an emphasis on rote memorization and basic numeracy (Brix et al. 2015). Consequently, students are not fully engaged, perform poorly, and lack the essential critical thinking and problem solving skills needed for survival in today’s highly competitive global economy. Brix et al. (2015) find that the costs to WB&G emerging from such a system seem “enormously high” because “high productivity skills

⁴² Gatti et al., 2013.

⁴³ Diwan, Keefer, and Schiffbauer 2014; Rijkers, Freund, and Nucifora (2014).

⁴⁴ Brix et al., 2013: “Trust, Voice, and Incentives: Learning from Local Success Stories in Service Delivery in the Middle East and North Africa”.

⁴⁵ James M. Poterba, 1996: “Government Intervention in the Markets for Education and Health Care: How and Why?” <http://www.nber.org/chapters/c6566>.

⁴⁶ Guillermo Labarca, 1998: “Education in Basic Skills and Training for Productive Work;” *International Review of Education*. Vol. 44, No. 5/6, pp. 413–439 <http://www.jstor.org/pss/3444847>. Labarca found that “there is a direct relationship between the quality and quantity of basic education received and the extent and intensiveness of training required in order to enter productive activities and attain a level of performance equal to or approaching the average.”

⁴⁷ Hanushek, 2010, 19.

such as innovation and entrepreneurship are lacking and yet are urgently needed by an economy with high youth unemployment rates, a saturated public sector, and high population growth of 2.3 percent” (69).

45. ***The proposed intervention is consistent with the Palestinian national strategies and development plan for employment generation in WB&G.*** Unemployment is undoubtedly the key trigger for poverty, as well as economic and social marginalization. Accordingly, the Palestinian government views sustainable employment generation by the private-sector as the main vehicle for combating poverty and inequality at the social level, and for stabilizing the budget at the macro-economic level. The employment situation fully mirrors the vulnerability of the Palestinian economy and the increasing disparity in employment patterns between the West Bank and the Gaza Strip. Though the Palestinian employment situation is heavily affected by Israeli occupation policies, there is simultaneously a range of domestic measures, which the Government, in conjunction with the private sector, can take to optimize the potential of the Palestinian labor force and prepare future generations for the challenges of a globalized economy.

46. ***The National Development Plan (NDP) 2014-16 and the Palestinian National Employment Strategy (NES) 2011-13 set out the framework for such domestic measures.*** The general framework of the NDP places employment as one of the national priorities and calls for the creation of 600,000 new job opportunities over the next decade. Youth employment and entrepreneurship development are both priorities in the strategic development goals of the Palestinian National Authority. Improving the quality of education, and specifically vocational education, is stated as a policy priority for the years 2014–2016. Moreover, the Palestinian National Authority aims to improve the matching of tertiary education to labor market needs. Similarly, the National Employment Survey (NES)⁴⁸ recognizes the interrelation between economic growth and employment as a central element. Its primary objective is to create an enabling environment for employment through policies, institutional development, infrastructure and other direct measures, all with a particular focus on youth.

47. ***Furthermore, improved understanding of the constraints to women’s economic participation is a key pillar of the Palestinian Cross-Sectoral National Gender Strategy (2011-2013)*** which called for promoting gender equality and equity. The Gender Strategy included a strategic objective on improving women’s participation in the labor market. Undoubtedly, a stronger presence of women in the workplace would contribute directly to strengthening the independence of the national economy, help fight poverty and unemployment, and reinforce social justice.

C. World Bank’s Value Added

48. ***The World Bank has a long engagement in the education sector, globally and in the WB&G, and is seen by the Palestinian Authority (PA) as a trusted partner in addressing the current situation.*** The Bank has a long record of supporting the PA and the MOEHE through technical assistance, economic sector work and knowledge products, and brings global experience and expertise in the field of education.

49. ***The Bank has adopted a number of global and regional initiatives and strategies to improve education and employment outcomes.*** For instance, programs focusing on reducing the skills mismatch aim to (a) align curricula in schools (higher education in particular) with labor demand by rethinking governance (larger private sector involvement) and financing; (b) create incentives for higher study in fields with high returns in the job market (sciences, business); and (c) demand-driven vocational and technical training via public-private partnerships. Overall, the Bank’s education sector focuses on supporting countries to enhance the quality and

⁴⁸ Ministry of Labor, September 2015. “*The Integrated Strategic Program for Employment in Palestine; Guiding Document*”.

relevance of their education system in an equitable and sustainable manner. Additionally, the Bank has a strong engagement in multiple Global Practices ranging from Human Development, Sustainable Development, Equitable Growth, Finance and Institutions as well as in a number of Cross Cutting Solution Areas including Jobs and Gender. This diversified and solid engagement across the global practices enables the team to design projects that are multidisciplinary, addressing any development challenge from various perspectives and thus ensure internal efficiency and complementarity among the sectors towards a common vision and goal.

50. ***Furthermore, improved understanding of the constraints to women’s economic participation is a key pillar of the World Bank Group (WBG) institution-wide Gender Strategy as well as the WBG strategy for the MENA region.*** The Gender Strategy, titled “Gender Equality, Poverty Reduction, and Inclusive Growth”, aims to build on previous achievements and deliver tested gender-smart solutions to policy and operations. One of the ‘levers of change’ that the strategy pays attention and responds to is women’s access to economic opportunities, specifically job creation and asset ownership, as key drivers of growth and poverty reduction.

51. ***The Bank has unique expertise in coordinating other donors and ministries in fulfilling the MOEHE’s plan for a stronger education system based on quality standards that are also responsive to the labor market needs.*** In addition, the Bank provides strong technical expertise and project design and management through evidence-based approach, leveraging theoretical work, research, tacit knowledge, robust data gathering and situational analysis. This would help leverage the World Bank’s convening power and expertise to organize key stakeholders in the sector that would contribute to consensus building and achievement of sustainable outcomes.

ANNEX 4 – QIF GRANTS: DISTRIBUTION PER SECTOR

	Tertiary Education Institution (TEI)	Cycle	Project Title	Sector
1.	Palestine Technical College- Der Albalah "PTCD"	1	Fashion Design & Dress Making Dept. Development (FDDM)	Fashion Design
2.	Islamic University – Gaza "IUG"	1	Compliance of Commerce Faculty – Business administration students' skills of knowledge to workforce requirements	Business
3.	Palestine Technical University- Kadoori "PTUK"	1	Enhancing the Quality of Accounting Information System (AIS) Program	
4.	An-Najah National University "NNU-IT"	1	Linking with the Private Sector: The IT Faculty Curriculum Reform	IT
5.	University College of Applied Sciences "UCAS-C1"	1	Pal Apps to Build the Capacity of IT Students in the Field of Programming and Development of Mobile Applications	
6.	Al Quds University "QU"	2	Jerusalem Tourism Augmentation	
7.	Palestine Polytechnic University "PPU-C2"	2	Enhancing Graduate Engineers Employability using a Win-Win Innovative Triple Helix Partnership Model	Environmental Engineering and Transportation
8.	Hisham Hijjawi College of Technology "HHCT"	2	Development of Auto Mechatronics Diploma Program	
9.	Ibn Sina University College "ISC"	1	Integration of Advance Geriatric and Palliative Care within the BS nursing curriculum	Health
10	Palestine Polytechnic University "PPU-C1"	1	Increasing Student Employability and Entrepreneurial Skills through a Modified Problem-Based Learning Model Derived from Real Life Needs	
11	Palestine Ahliya University College "PAUC"	1	Transition to Labor Market: Upgrading PAUC Physiotherapy Program	
12	Al-Azhar University- Gaza "AZU"	2	Curriculum Development and Strengthening Institutional Capacity of Faculty of Agriculture and Environment	Food Industry and Agriculture
13	University College of Applied Sciences "UCAS-C2"	2	Pal Farm to Build the Capacity of Agriculture Students	
14	An-Najah National University "NNU-FI"	1	Improvement of Students Skills towards Employment Enhancement: Collaboration between An-Najah Training and Innovation Centers with PFIU	
15	Hebron University "HU"	2	Development and Improvement of Agricultural Practical Courses	

	Tertiary Education Institution (TEI)	Cycle	Project Title	Sector
16	Bethlehem University "BU"	2	Employability Through Competency-Based Learning in The Tourism And Hospitality Sector In Palestine	Tourism
17	An-Najah National University "NNU-C2"	2	Linking with the Private Tourism Sector: The Tourism and Archaeology Department Curriculum Reform	
18	Birzeit University "BZU"	2	Development of the Palestinian Academic Archeology Program Offered by Birzeit University for the Benefit of Rural Tourism in Palestine	
19	Wajdi University College of Technology "WUC"	1	Graphics Animation & Multimedia Lab (GAML)	Media
20	Dar Al -Kalima University College of Arts & Culture "DAK"	1	Portrait of Palestine	

ANNEX 5 – MAP

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