



# Project Information Document/ Identification/Concept Stage (PID)

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Concept Stage | Date Prepared/Updated: 23-Sep-2021 | Report No: PIDC236919



**BASIC INFORMATION**

**A. Basic Project Data**

|                              |                            |  |                                       |
|------------------------------|----------------------------|--|---------------------------------------|
| Project ID                   | Parent Project ID (if any) | Environmental and Social Risk Classification         | Project Name                          |
| P175694                      |                            | Moderate   | Support to Tertiary Education Project |
| Region                       | Country                    | Date PID Prepared                                    | Estimated Date of Approval            |
| MIDDLE EAST AND NORTH AFRICA | Iraq                       | 23-Sep-2021  |                                       |
| Financing Instrument         | Borrower(s)                | Implementing Agency                                  |                                       |
| Investment Project Financing | Ministry of Finance        | Ministry of Higher Education and Scientific Research |                                       |

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**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

|                           |      |
|---------------------------|------|
| <b>Total Project Cost</b> | 5.00 |
| <b>Total Financing</b>    | 5.00 |
| <b>Financing Gap</b>      | 0.00 |

**DETAILS**

**Non-World Bank Group Financing**

|                                |      |
|--------------------------------|------|
| Trust Funds                    | 5.00 |
| Iraq Reconstruction Trust Fund | 5.00 |

**B. Introduction and Context**

Country Context

**Iraq is at a crossroads.** It faces increasing political instability and fragmentation, geopolitical risks, weak fiscal position, legacy state-driven economy, weak private sector, growing social unrest, and a deepening divide between the state and its citizens. The impact of the COVID-19 crisis and the volatility in oil prices compound Iraq’s preexisting fragilities. Growing climate risks could further exacerbate Iraq’s precarious situation, if not mitigated. The confluence of these challenges could lead to an economic crisis and a new cycle of violence and conflict—or, if proactively managed, they could provide an opportunity to fundamentally realign the



Government's priorities, advance much needed reforms, and tackle the deep structural issues that hold back progress in Iraq. (World Bank: "Country Partnership Framework for the Republic of Iraq for the Period FY2022-FY2026", 2021)

**Human capital development is imperative for sustainable economic growth in Iraq.** However, the deterioration of human capital outcomes in Iraq is alarming. Measured by the World Bank's Human Capital Index (HCI), Iraq ranks second to last in the Middle East and North Africa (MENA) region (only slightly above that of Yemen. A child born in Iraq today will reach, on average, only 41 percent of his/her potential productivity when s/he grows up. This poor performance on HCI is largely attributed to the poor education outcomes. The learning outcome adjusted years of schooling in Iraq is only about four years and an Iraqi child can expect to complete only 6.9 years of schooling in average (<https://www.worldbank.org/en/publication/human-capital>). The human capital crisis is fueled by this learning poverty crisis. The lack of a productive workforce with sufficient knowledge and skills risks the country's economic growth and diversification for the future.

**The low levels of human capital development, coupled with the increased saturation of employment in the public sector and a weak private sector as well as limited opportunities to gain job-relevant skills and find a job, have contributed to high youth unemployment.** About 20 percent of the Iraqi population (40 million in 2020) are 15-24 years old. The unemployment rate for this age group stands at an alarmingly high – over 25 percent – according to ILO estimates in 2019 (<https://data.worldbank.org/indicator/SL.UEM.1524.ZS>), which was a key theme of the nationwide protests prior to the Covid-19 pandemic. This is higher than the averages (22 percent) of both the MENA region. The country's financial crisis has reduced the number of job opportunities in the public sector while the private sector is still nascent. Competition for the few jobs available in the private sector is intense.

**Despite lost opportunities, Iraq has untapped potential.** As outlined in the CPF, Iraq's gross domestic product (GDP) per capita could be up to 60 percent higher if it had similar levels of private sector participation, investment, human capital, and productivity as upper-middle-income countries (UMICs) in a comparable income bracket. Raising Iraq's labor force participation rate to the UMIC average would alone increase the GDP per capita by 31 percent. Raising the investment rate and the skills of the labor force would each raise GDP by 13 percent. Under the right conditions, including a return of domestic security, Iraq's historical more diverse exports could return. However, to achieve these outcomes and realize the growth potential, investments in human capital and reform to the education sector are urgently needed in Iraq.

#### Sectoral and Institutional Context

**Tertiary education in Iraq has experienced a rapid expansion in recent years but its access is still low in comparison with other countries in the MENA region.** During the 2017/2018 academic year, Iraq had 44 universities (35 public, 9 private) which admitted 180,290 students[1]. This is an increase of 26 percent for the number of universities and 42 percent for the number of admitted students from the 2014/2015 academic year. While most new universities are private (7 in total), large portion (74 percent) of the increased students actually



went to the existing public universities during the same period. Public universities enrolled 50 percent, 31 percent, and 18 percent of their total enrolled 467,411 students in scientific, humanity and technical specializations, respectively, in 2017/2018. The enrollment in scientific specializations alone increased by 39 percent during this four-year period (the increase for technical specializations was 36 percent while humanity specializations had a very modest increase of 3 percent). Even with such an expansion, the gross enrollment rate in Iraq is only about 19 percent, much lower than other countries in the region, e.g., comparing to Tunisia (32 percent), Jordan (34 percent), Morocco (39 percent), Palestine (43 percent), Algeria (51 percent), and the averages of the Arab World (33 percent) and MENA Region (41 percent).

**The increased demand for tertiary education has put tremendous pressure on the public tertiary education system in terms of resources.** The present historically low level of public investment in social sectors including education and its heavy spending towards wages and salaries stand in stark contrast to large needs in these sectors. Although the overall enrollment in public universities has increased by 25 percent, the spending on tertiary education as a percentage of the total public budget expenditure has declined in recent years, from 3.0 percent in 2016 down to 2.1 percent in 2019, which could negatively impact system outcomes such as quality (*World Bank: "Public Expenditure Review of Human Development Sectors in Iraq", 2020*). While the number of teaching faculty members has been increasing, the shortage of teaching staff who meet the required qualifications persists, especially in the newly established institutions. Currently, only 9 percent of the academic staff are at the professional rank across all universities (*Ministry of Higher Education and Scientific Research: "Iraq National Education Strategy" (draft), 2020*). The need is high for upgrading the existing academic staff skills with the latest subject knowledge and modern pedagogy, particularly with digital technology application and integration in teaching and learning, through partnerships with the private sector and international institutions.

**Unemployment and inactivity of tertiary graduates in the labor market is a major concern for both the government and tertiary education institutions (TEIs) in Iraq.** Although data on university graduates' unemployment is unavailable due to the lack of a graduate tracing mechanism in the country, there is a speculation that the rate for such unemployment is more or less equal to (if not higher) the youth unemployment rate in the country which is over 25 percent. The challenge of graduates' employment is also exacerbated by the mismatch between supply and demand for skills in the labor market, e.g., some 40 percent of the graduates in 2018 graduated from humanities against only 10 percent from technical specialization. Some of the specializations being taught are no longer in demand in the labor market. The tertiary education sector in Iraq is unable to keep up with global trends and respond to national/local socioeconomic development needs. Graduate unemployment is a waste of talents and a waste of the already-resource-constrained tertiary education system. Iraq cannot afford either of them for its much-needed reconstruction and development in a post-conflict era.

**The Covid-19 pandemic has furthered a prolonged closure of TEIs which was caused by recent sociopolitical events in the country.** In response, the Ministry of Higher Education and Scientific Research (MoHESR) has instructed that part of tertiary education be delivered through distance learning. It is reported that almost 35 percent of courses offered by TEIs was delivered and completed online during 2020 and about 9,250 faculty members received training on how to teach online using platforms provided by social media outlets such as



Google Classroom, Telegram, YouTube, and Moodle. Despite such efforts, a large number of students have not been reached by distance learning and many TEIs continue to struggle with the administration of examinations and teaching specific courses that are difficult to be taught online effectively. Some health measures imposed by the pandemic like lockdown and social distancing have made already limited practical training almost impossible to be carried out, exacerbating further the skill-mismatch challenge facing tertiary graduates.

[1] Data on female students is not available over the period, but anecdotes indicate that the number of females enrolled in tertiary education has slightly declined in recent years.

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Relationship to CPF

**The proposed project is not only aligned with the national development priorities outlined in the Government’s “White Paper” – Emergency Cell for Financial Reforms (October 2020) (Pillar 2, Priority Area 2.6, Human Development and Strategies, where “skills for improved learning and employability” and “improved efficiency and equity in education governance and spending” are identified as a key reform areas), but also is aligned with the World Bank’s Country Partnership Framework for Iraq, FY21-FY25 (October 2020) (Pillar 2, CPF Objective 2.2 – “Better skills and economic opportunities for youth and women” where WBG selected activities include supporting skills programs in partnership with private sector to address skills gaps and mismatches).**

**C. Project Development Objective(s)**

Proposed Development Objective(s)

To develop institutional capacity for improving employability of university students in national development priority areas.

Key Results

Although it needs to be further discussed and agreed with MoHESR during the preparation, the following is a proposed results chain for the proposed project:

|  | Technical Assistance  | Activities   | Outputs                                 | Intermediate Outcomes                        | Outcomes (PDO)        |
|--|---|--|---|--|-----------------------|
| Underpinning all activities: <i>Capacity</i> | <ul style="list-style-type: none"> <li>CoE management, international partnerships, quality assurance</li> </ul> | Developing (or upgrading) new programs, new curricula, and new | Launched (or upgraded) new programs and | Institutional capacity developed through the | Develop institutional |



|          |   |   |   |  |   |
|----------|---|---|---|--|---|
| Building | <ul style="list-style-type: none"> <li>○ Enhancement of management information system with graduate tracking</li> <li>○ Analytic work of supporting evidence-based decision-making and interventions</li> </ul> | <p>courses which will serve the human resource needs of the three national priority areas – Agriculture, Health and Renewable Energy</p>  | <p>training courses that meet the labor market needs of national priority sectors</p>                 | <p>establishment of centers of excellence (CoEs) in disciplinary areas that meet the human resource needs of national development priorities</p> | <p>capacity for improving employability of university students in national development priority areas</p> |
|          |   | <p>Building capacity for teaching and research excellence through upgrading faculty on both subject-matter and modern pedagogy (integration of digital technology in teaching and learning) and essential equipment</p> | <p>Upgraded faculty in teaching and research at three CoEs</p>  |  |   |
|          |   | <p>Establishing partnerships with international/local institutions and the private sector for quality and relevance improvement</p>   | <p>Partnerships with private companies and international institutions established with signed MoU</p> |  |   |
|          |   | <p>Piloting a graduate tracking system for monitoring labor market's response/expectation to programs/training offerings of TEIs and to competences and skills of their graduates</p>                                   | <p>Graduate tracking mechanisms piloted and market feedback collected for program improvement</p>     |  |   |
|          |   | <p>Developing quality assurance and sustainability mechanisms for the newly established CoEs</p>  | <p>QA and sustainability mechanisms for three CoEs in place</p>                                       |  |   |



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|  |   |  |   |   |
|--|---|--|---|---|
|  | <ul style="list-style-type: none"> <li>○ Development of CF protocols and institutional framework</li> <li>○ Support TEIs to improve their CF-selected proposals and develop realistic implementation plans</li> </ul> | Developing, selecting, implementing and monitoring of proposals submitted by TEIs for establishing partnerships with the private sector and international institutions to improve programs and skills training relevance for their students via a competitive fund piolet (CF) | CF piloted and its 5-6 selected proposals implemented successfully          | Strengthened partnerships with the private sector and international institutions for improving graduates' employability |
|  |   | Establishment of an institutional framework for CF   | CF institutional framework established and a CF operational manual in place |   |

Some potential indicators for measuring implementation progress and PDO achievement could be:

- Number of programs/courses (new or upgraded) launched in national development priority areas
- Number of functioning partnerships (with private firms and international institutions) established with a signed MoU
- Number of faculty members upgraded in teaching and research (% of female)
- Number of CF-selected proposals implemented successfully
- A CF institutional framework and operational protocols established
- Number of students benefited from the above interventions (% of female)
- A graduate employment tracking system piloted
- A quality assurance mechanism including accreditation developed for the three CoEs
- A sustainability plan for the three CoEs developed

*Note: most indicators for the proposed project will be input-based, given the limited grant size and duration.*

#### D. Preliminary Description



#### Activities/Components

The project includes three components (some of the activities will be further discussed and defined with MoHESR during the preparation):

### **Component 1: Developing institutional capacity in disciplinary areas that support the national development priority sectors** (*proposed allocation US\$3.0m*)

Among the reasons for skill-mismatches in the labor market which have led to high unemployment rate of tertiary education graduates in Iraq is that programs and training offered at TEIs are less relevant and of poor quality. While the labor market is saturated with graduates from traditional, long-established programs (e.g., humanities specialization), graduates with skills from disciplinary areas that can serve the needs of national development priority sectors are difficult to find. Learning from international experiences (e.g., Africa Centers of Excellence) and after having consulted the Ministry of Planning and other relevant ministries, MoHESR plans to address the issue by piloting the center of excellence (CoE) concept in three national development priority areas – agriculture, health and renewable energy. The proposed project therefore will support MoHESR's effort in establishing a CoE in each of these three priority areas. Although the Project will not be able to finance fully the establishment of these CoEs due to its very limited funding, it will focus more on some critical aspects of CoE (see below) with the introduction and application of international good practices, supporting MoHESR and these centers to build a solid foundation which will enable them to mobilize additional resources for further development.

In more concrete terms, the proposed project plans to support the following activities for establishing the proposed CoEs: (1) developing and launching new programs, new curricula, and new courses (or updating the existing relevant ones) which will serve the human resource needs of the three national priority areas; (2) building capacity for teaching and research excellence through upgrading faculty on both subject-matter and modern pedagogy (integration of digital technology in teaching and learning) and essential equipment; (3) establishing partnerships with international institutions and the private sector for quality and relevance improvement; (4) piloting a graduate tracking system for monitoring labor market's response to and expectations for training offerings and graduate skills; and (5) developing quality assurance and sustainability mechanisms for these CoEs.

MoHESR has designated University of Baghdad - a leading public tertiary education institution in the country (No.1 university in Iraq based on international rankings) - to implement this component and is currently working with the University in consultation with relevant line ministries to further define a specialization in each of three priority areas for CoEs to focus on.

### **Component 2: Strengthening institutional capacity and partnerships with the private sector and international institutions to improve graduates' employability** (*proposed allocation US\$1.5m*)

Besides the less-diversified economy and limited job opportunities, many tertiary education graduates have difficulty finding a job due to that fact their skills do not match what employers are looking for. Addressing this issue requires efforts being made at both the institutional and the individual levels, but none of them can yield a satisfactory outcome without engaging the private sector and learning from good practices



elsewhere. The proposed project plans to support MoHESR in developing an incentive mechanism through competitive fund to foster partnerships between TEIs and the private sector and international institutions, equipping students with 21st century skills and market-relevant skills such as digital skills for future jobs. It is also expected that institutional capacity will be further strengthened through piloting competitive fund (see below) and that the sense of social responsibility among business communities can be improved through their established partnerships with TEIs.

Activities supported by the proposed project under this component can be grouped into two broad areas:

- i. Development, selection and implementation of proposals submitted by TEIs for establishing partnerships with the private sector and international institutions to improve programs and skills training relevance for their students via a competitive fund pilot (CF). The proposed project will finance 5-6 proposals selected through a transparent and objective process defined by the pilot. These proposals are expected to focus on establishing short-term programs to address market needs together with private sector partners. For example, the supply of engineer graduates is available, but they may need additional training in skills which could make them more marketable to get a job. Also, it could be to strengthen Career Development Centers (CDCs) at TEIs for greater effectiveness of job-ready training and career services with the involvement of local employers. Some proposals may focus on responding to COVID19 impact with improved online training delivery and digital skills. In addition, partnerships with international universities and organizations will be encouraged for efforts towards the internationalization of higher education.
- ii. Establishment of an institutional framework for CF. Since it is a first-time trial of CF for both MoHESR and TEIs, how to apply international good practice of CF in the Iraqi context – from call for proposals to proposal-writing and submission, to evaluation criteria and selection process, and to monitoring implementation of selected proposals – all needs to be thought through and standardized for transparency. The proposed project will provide technical assistance to MoHESR to establish an institutional framework and an operational manual for guiding CF application and implementation in the tertiary education sector. It will also provide training to TEIs on proposal writing and developing implementation plans to achieve agreed result targets. The CF pilot supported by the proposed project will be used to refine these practices and build institutional capacity of both MoHESR and TEIs, including data collection and information management, at each stage along the CF application.

This component is built upon the prior capacity-building work in the CF area funded by development partners. In close collaboration with MoHESR, the activities accomplished at this point include: (a) a call for idea/concept proposals with an initial evaluation (only selected ones were invited to submit a full-fledged proposal); (b) an international-experts-led training workshop for proposal writing; (c) after initial screening and evaluation, about 30 concept proposals were invited to be developed into full proposals which have been submitted already for the final selection. With further technical support from the WB team, built on the original process and criteria used for the initial call for proposals, MoHESR is currently refining and



developing further the evaluation protocols (process and criteria) for the selection of 5-6 proposals among the submitted which will be funded by the proposed project.

**Component 3: Project coordination and monitoring** (*proposed allocation US\$0.5m*)

A project implementation unit (PIU) which will be established by MoHESR will coordinate and manage day-to-day project implementation operations. A Project Coordinator will be designated (or hired) by MoHESR and responsible and accountable for the entire implementation of the proposed project, supported by appropriate subject-matter staff from relevant technical departments of MoHESR for each component and other PIU officers in key function areas such as financial management (FM), procurement, environmental and social safeguards, and monitoring and evaluation (M&E). The PIU will be responsible for monitoring implementation progress, evaluating outcomes, and communicating results to the interested parties and the general public. Depending on targeted groups and nature of the training, certain capacity-building activities financed under the proposed project may be managed directly by the PIU.

In addition to these three components, the proposed project will also be supported by a set of technical assistance (TA) activities financed by US\$1.0 million Bank-executed trust fund (BETF). Although concrete activities will be further discussed with MoHESR during the project preparation, some proposed TA activities include: (1) project preparation in areas such as fiduciary assessment, environmental and social safeguards framework (ESF), results framework (RF), and economic analysis; (2) facilitating subject-matter experts to help CoEs' management, international partnerships, quality assurance and accreditation; (3) development of CF protocols and institutional framework based on the CF pilot and helping TEIs to improve their CF-selected proposals and develop realistic implementation plans; (4) enhancement of management information system with graduate tracking; and (5) analytic work of supporting MoHESR's evidence-based policymaking and intervention designs for further reforms of the tertiary education sector in MoHESR priority areas such as financing, quality assurance, governance, etc.

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**Environmental and Social Standards Relevance**

| <b>E. Relevant Standards</b> |   |                        |
|------------------------------|---|------------------------|
| <b>ESS Standards</b>         |   | <b>Relevance</b>       |
| ESS 1                        | Assessment and Management of Environmental and Social Risks and Impacts | Relevant               |
| ESS 10                       | Stakeholder Engagement and Information Disclosure                       | Relevant               |
| ESS 2                        | Labor and Working Conditions  | Relevant               |
| ESS 3                        | Resource Efficiency and Pollution Prevention and Management             | Relevant               |
| ESS 4                        | Community Health and Safety   | Relevant               |
| ESS 5                        | Land Acquisition, Restrictions on Land Use and Involuntary              | Not Currently Relevant |



|       |   |                        |
|-------|---|------------------------|
|       | Resettlement  |                        |
| ESS 6 | Biodiversity Conservation and Sustainable Management of Living Natural Resources              | Not Currently Relevant |
| ESS 7 | Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities | Not Currently Relevant |
| ESS 8 | Cultural Heritage   | Not Currently Relevant |
| ESS 9 | Financial Intermediaries  | Not Currently Relevant |

Legal Operational Policies

| Safeguard Policies                          | Triggered | Explanation (Optional) |
|---|-----------|------------------------|
| Projects on International Waterways OP 7.50 | No        |                        |
| Projects in Disputed Areas OP 7.60          | No        |                        |

Summary of Screening of Environmental and Social Risks and Impacts

The project has limited environmental and social impacts. The Environmental risk rating is moderate. The project does not include any physical works that may generate any environmental adverse risk and impact. The project could have long-term positive environmental impacts through supporting centers of excellence (CoEs) in agriculture, health and renewable energy through (i) training future workers with advanced knowledge and awareness of environmental issues as well as with skills to address them; and (ii) conducting applied research to tackle environmental challenges in these three fields. The negative environmental impacts are limited and associated with procurement of office equipment and services to conduct the programs and proposals under Component 1 and 2 such as tablets, computers, and other electronics accessories, printing and translation of resources, materials and other documents, provision of training to TEIs on proposal writing, etc. These activities may result in some community and occupational health and safety risks, in particular exposure to Covid-19 at training events or in an office environment. The other expected environmental impacts associated with the installation and use of electronic are waste at end of experiments and end life of equipment, their management and disposal, in addition to non-hazardous waste, especially paper from workshops, training and meetings throughout the project. The development objective of the Project is to develop institutional capacity for improving employability of university students in national development priority areas (Agriculture, Health and Renewable Energy). The social risk rating of this project is classified as moderate primarily related to the borrower's limited experience in managing social risks in accordance with the ESF across a range of soft interventions aimed at beneficiaries including women and youth, and other groups who may be considered vulnerable. There are limited direct adverse social impacts resulting from project activities since there no civil works and it does not involve any land acquisition. The initial screening of project's likely social risks and impacts indicated the following potential indirect social risks and impacts: 1) potential perception of exclusion amongst vulnerable groups ( women, persons with a disability (PWD), youth and poor communities, and internally displaced persons (IDPs)) that would need to be mitigated through ensuring that project benefits, such as access to training and job and financial support opportunities, are transparent, 2) exclusion of some intended beneficiaries due to weak outreach or communication plans; 3) weak grievance mechanism which is not able to capture and address

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concerns in a timely or responsive manner 4) risks related to labor and working conditions 6) Occupational Health and Safety (OHS) and Community Health and Safety Risks due to exposure to COVID-19 contagion during project activities. The relevant Environmental and Social Standards (ESS) are ESS1 on Assessment and Management of Environmental and Social Risks and Impacts, ESS2 on Labor and Working Conditions, ESS3 on Resource Efficiency and Pollution Prevention and Management, ESS4 on Community Health and Safety, and ESS10 on Stakeholder Engagement and Information Disclosure.

## CONTACT POINT

### World Bank

Contact : Xiaonan Cao Title : Senior Education Specialist  
Telephone No : 473-8917 Email :

### Borrower/Client/Recipient

Borrower : Ministry of Finance  
Contact : Salah Hadeethi Title : Minister Advisor  
Telephone No : 9647901915000 Email : hadeethi.saladin@gmail.com

### Implementing Agencies

Implementing Agency : Ministry of Higher Education and Scientific Research  
Contact : Ehab Abbas Title : Director General of Studies, Planning, and Follow-up  
Telephone No : 9647901915250 Email : ehab19722002@gmail.com

## FOR MORE INFORMATION CONTACT

The World Bank  
1818 H Street, NW  
Washington, D.C. 20433  
Telephone: (202) 473-1000  
Web: <http://www.worldbank.org/projects>