

**PROJECT INFORMATION DOCUMENT (PID)  
ADDITIONAL FINANCING**

Report No.: PIDA7787

<b>Project Name</b>	STP Quality Education for All - AF (P150828)
<b>Parent Project Name</b>	São Tomé and Príncipe Quality Education for All (P146877)
<b>Region</b>	AFRICA
<b>Country</b>	Sao Tome and Principe
<b>Sector(s)</b>	Primary education (50%), Pre-primary education (30%), Public administration- Education (20%)
<b>Theme(s)</b>	Education for all (100%)
<b>Lending Instrument</b>	Investment Project Financing
<b>Project ID</b>	P150828
<b>Parent Project ID</b>	P146877
<b>Borrower(s)</b>	Ministry of Planning and Finance
<b>Implementing Agency</b>	Ministry of Education, Culture and Training
<b>Environmental Category</b>	C-Not Required
<b>Date PID Prepared/Updated</b>	29-May-2014
<b>Date PID Approved/Disclosed</b>	01-Jun-2014
<b>Estimated Date of Appraisal Completion</b>	26-May-2014
<b>Estimated Date of Board Approval</b>	27-Jun-2014
<b>Decision</b>	

## I. Project Context

### Country Context

1. São Tomé and Príncipe (STP) is a small Island Country in the Gulf of Guinea. With a population of about 164,000 inhabitants, it is the second smallest economy in the world. The country is currently experiencing a demographic transition, with a decrease of fertility, mortality and birth rates, resulting in reduced pressure on the education system . It is expected that, over time, the number of children of school age will stabilize or even decrease, therefore moderating enrollments in both primary and secondary education. This trend, and the fact that the country has already achieved universal primary completion and has an 83 percent enrollment rate in lower secondary education, provides the unique opportunity to focus efforts and scarce resources on quality improvements of the primary education system with a view to gradually paving the way for improvements in secondary and post-secondary education for employment.
2. In 2005 the country launched its first National Poverty Reduction Strategy Paper (PRSP-I) with a seven-year implementation timeframe, though its long-term term antipoverty objectives extended beyond this horizon. Progress under the PRSP-I was mixed, with significant gains in

education and health indicators offset by weak income growth and limited poverty reduction. In 2012 the Government finalized its PRSP-II for the period 2012-2016. A substantial improvement over its predecessor, the PRSP-II stresses the importance of good governance and sound macroeconomic management.

3. In the last decade, STP registered the highest economic growth since independence in 1975, and became a lower middle income country in 2008. Gross domestic product (GDP) growth averaged about 5 percent per year between 2001 and 2011, compared to an average of just 1.4 percent during the 1990s. Growth has been driven by rising world cocoa prices (STP's primary export commodity) and strong tourism receipts (STP's largest source of export revenue), though payments for petroleum exploration rights and rising private investment inflows, particularly Foreign Direct Investment (FDI), have accounted for an increasing share of GDP. FDI has been largely devoted to building physical and financial infrastructure in anticipation of future oil production, but has also positively impacted the broader growth of the service sector and of tourism in particular.

4. During the past five years, STP's economy was hard hit by two consecutive external shocks, including: (i) the spike in international food and fuel prices in mid-2008, and (ii) the global financial crisis of 2009, which partially offset the effects of fiscal consolidation and inflation-reducing policies. A Debt Sustainability Analysis (DSA) conducted in June 2012 noted that STP's risk of debt distress will remain high over the medium term, and reducing this risk will depend largely on oil production – even though STP reached the Heavily Indebted Poor Countries (HIPC) Completion Point in 2007 and reduced its debt-to-GDP ratio from over 300 percent in the 1990s to 50.5 percent in 2009. Regardless of a decade of robust growth, poverty remains a serious and pressing concern, and so does unemployment. Urban population progressed from 55 percent in 2001 to 61 percent in 2010. Strengthening the linkages between growth and poverty reduction consequently presents a critical challenge for STP's policymakers. However, despite high poverty and unemployment indicators, STP has made significant progress on the social-policy objectives and on the Millennium Development Goals (MDGs). STP is currently on track to achieve its targets in universal primary education, but unlikely to reach most of the others, including reducing extreme poverty, and promoting gender equality. These achievements have been driven by substantial increases in education and public health expenditures, with the former rising from 2.7 percent of GDP in 2002 to 8.8 percent in 2010 while the latter increased from 3.6 percent of GDP in 2001 to 4.2 percent in 2010. Public financing for social protection and community services has increased modestly over the past five years and is currently equal to about 1 percent of GDP.

5. The service sector now accounts for a majority share of STP's economy. Due to its small economic size and natural indivisibilities in government services, the public sector represents about 28 percent of GDP. However, private-sector services - especially tourism, trade and transportation - have grown rapidly in recent years and now account for about one-third of GDP, while the service sector as a whole is responsible for about 60 percent of total employment. Construction has been among STP's fastest-growing industries, spurred by large-scale private investment in both tourism and the incipient oil sector. Beyond construction, industry in STP is essentially limited to small-scale food-processing, which is unlikely to change as labor-intensive manufacturing is structurally constrained by the small size of the domestic workforce. The primary sector accounts for about 17 percent of GDP, and its economic share has declined steadily in the last two decades due to a combination of falling agricultural production, with cacao the predominant cash crop, and the rise of the service sector. Nevertheless, agriculture still employs about one-quarter of the population and

provides about 55 percent of STP's staple foods. The fisheries subsector accounts for about 5 percent of employment and 3 percent of GDP.

6. Education appears to be a major determinant of poverty. In 2010, the poverty rate for heads-of-household with no formal education was 73.8 percent. On the other hand, poverty in households where the head-of-household has finished some primary education drops significantly (to 66.1 percent). Poverty rates continue to drop as education attainment increases: for households where the head-of-household has some secondary education the poverty rate is 55.1 percent; where the head of household has completed secondary education it is 33.4 percent; and where he/she has a tertiary education the poverty rate is 30.1 percent. It is worth mentioning that among heads-of-household, one-third of those who finished some higher secondary education and about one-third of those with post-secondary education live below the poverty line. This suggests that the domestic labor market is not able to efficiently compensate or absorb (i.e., employ) educated workers, and that there may be a substantial disparity between STP's available labor-force skills and current employer demand.

7. The education sector has been and remains a priority in public spending. In other words, the country was able to place education at the center of its development agenda over the last eight years. The proportion of public expenditure in the sector increased 2.7 percent of GDP in 2002 to 8.8 percent in 2010. In particular, recurrent expenditures increased from 17.3 percent in 2002 to 23.8 percent in 2005 to 37.9 percent in 2010, which places the country amongst the SSA top performers in this category.

### **Sectoral and institutional Context**

1. The education sector in STP is under the oversight of the Ministry of Education (MoE). Management of education system is highly centralized with all-decision making process resting with the central levels units. The sector is governed by the Framework Law of the Education System (n. 2/2003) (Lei de Bases do Sistema Educativo). According to this law, formal education system is composed of the levels of pre-school, primary education, secondary education, technical and vocational education, and higher education. Pre-school is the first level of education. It is optional and is composed of a small network of nurseries mostly located in rural areas, which enroll children 0-5 years old, and pre-schools, located essentially in urban areas and enrolling children 3-5 years old. Primary education, according to the law, is free and compulsive. It lasts six years and is divided into two cycles: a first cycle of four years (1st to 4th grade), and a second cycle of 2 years (5th to 6th grade). It enrolls children in the 6 – 11 age group.

2. Secondary education is composed of two cycles of three years. The first cycle, or general secondary education covers 7th -9th grades; the second cycle, or complementary secondary education covers 10th-12th grades. Vocational and technical education is currently offered by a variety of institutions. The MoE is in charge of the Polytechnic Center, which offers vocational training courses from graduates of general secondary education, in a variety of areas such as civil works, mechanical structures, electricity, auto-mechanic, mechanic systems and automats.

3. A range of vocational training courses are under the institutional oversight of other Ministries. The Ministry of Health and Social Assistance manages the Health Institute (training of nurses and other health specialists) and a vocational training school that offers apprenticeship programs for young people with four years of schooling and for those unemployed, in a variety of

areas (civil works, electricity and electronic horticulture, painting, etc.).

4. Higher education is composed of one public institution (Higher Polytechnic Institute of Sao Tome and Principe) and two private institutions (University Lusíada and Institute of Accounting and Management of Information). Higher education offers bachelor and master degrees. The main mission of Higher Polytechnic Institute is to prepare secondary education teachers. Primary and pre-primary education teachers are trained at the Teacher Training School (Escola de Formação de Professores – EFOPE). The minimum entry level at EFOPE is 10th grade of secondary education, and training spans over three academic years.

5. In 2012, the Government of STP prepared a 10-year Letter of Education Policy (LOP) (2012-2021) providing the vision and the long-term objectives for the sector. The Letter was operationalized by the Education Sector Plan (ESP) 2011-2013. The priorities of the education sector are to reach the Education MDGs, to improve quality of education at all levels and to improve overall governance of the education sector. The LOP was endorsed in a National Education Forum held in Sao Tome in April 2012, which brought together various stakeholders (Government, development partners, private sector, and civil society organizations). The Government intends to formally approve the letter of education policy in the coming months.

6. Over the last decade, enrollment has steadily increased at all levels of education. The number of children enrolled in pre-primary education increased from 4,699 in 2001/2002 to 8,591 in 2010/2011. In primary education, the number of students reached 35,250 in 2010/11 from 27,806 in 2001/03. Private schools represented only 0.5 percent of enrollment in this level of education. Secondary education also followed the same pattern with the number of students increasing from 7,347 to 25,052 over the same period. With regard to higher education, the total number of students enrolled in the country was 1,570 (55 percent in private institutions). In addition, there were 844 Sao Tomean students enrolled in higher education in different countries, most of them were benefitting from government scholarship. Technical and vocational training education enrolled 739 individuals in 2010/2011.

7. The increase in enrollments at all levels of education is associated with higher enrollment rates and increased gender parity. In pre-primary education, enrollment rate grew up to 30.9 percent in 2010/11 from 15.7 percent in 2001/02. Primary education, which had already a high Gross Enrollment Rate (GER) in 2001/02 (128.6 percent), presented in 2010/2011 a GER of 135 percent. In secondary education, GER increased from 42.6 percent in 2001/02 to 58.5 percent in 2010/11 thanks notably to important increase in enrollment in general secondary education (from 59.8 percent to 82.9 percent). This increase was due to development of accommodation capacity in general secondary education.

8. STP has virtually achieved universal primary education. All children enter primary school and the completion rate was estimated at 95 percent in 2010/11. Data on intake rate shows that since 2002/2003, the accommodation capacity of new students in the first cycle of primary education (1st - 4th grade) was higher or equivalent to the number of children of theoretical age group (6-9 years old). For the second cycle of primary education (5th – 6th grade) it was not until 2010/2011 that the accommodation capacity of new entrants became higher than the number of children of theoretical age group (10-11 years old). Progress in enrollment in primary education is impacting secondary education. This level of education also registered important gains in terms of enrolment, and completion rate has increased in general secondary education, reaching 45.2 percent

in 2010/11 from 19.8 percent in 2000.01. Transition rate between primary and secondary education stands at 97 percent.

9. Despite these important achievements in terms of access to education, the system faces challenges with respect to efficiency, quality and governance. Repetition rates have substantially decreased at all levels of education over the last years, but they still remain high. In primary education repetition rate was at 12.4 percent in 2010/11. In general secondary education repetition rate was estimated at 22 percent in the same academic year.

10. Quality of education is thought to be low. STP does not possess a learning assessment system nor does it participate in any regional or international assessment. So it is difficult to objectively assess the quality of learning of its students. Teaching environment has improved with provision of new, equipped classrooms, textbooks to all primary education students and teachers' guides, but still about 60 percent of primary education teachers are unqualified. They lack adequate academic and pedagogical competencies to teach. Pre-primary and primary education teacher training suffered a rupture when the former teacher training school was closed in 1996. For more than ten years STP did not offer pre-service teacher training. New teachers were recruited from secondary schools and sent to classrooms. In 2007/08, a new teacher training school was created. In 2010/2011, 102 students were enrolled at EFOPE.

11. Moreover, the time spent on task among teachers in STP is among the worst in Africa. In primary education, teachers do not spend on average more than 3.5 hours in school and yet this time is not fully dedicated to student learning and pedagogical tasks. 57.5 percent of primary education teachers spend less than 14 hours per week. In secondary education, 71 percent of teachers spend less than 14 hours per week. The low time on task among teachers is partly due to the inability of the education system to effectively manage teachers' work in a context of geographically dispersed schools.

12. In 2010/2011, STP conducted its first national examination ever for students of grades 2 and 4 of primary education. The average scores in math and Portuguese language for grade 4 students were, respectively, 67.2 percent and 66.3 percent. For grade 2 students, the average scores were, respectively, 68.9 percent and 61.0 percent. Although the resulting scores provided a snapshot of the potential level of students' learning in primary education in Sao Tome and Príncipe, they cannot be used for regional or comparative purposes.

13. Overall management of the education system is still weak. Some positive features are the adequate allocation of teachers to schools (95 percent of teachers are allocated to schools according to the number of students) and a reasonably capacity of data collection for monitoring and evaluation purposes. However, overall management of teachers is an issue. There is no reliable human resources management system to oversee recruitment, assignment and career development. Education statistics are regularly published, but institutional capacity for data analysis and production of education indicators is weak, and indicators are seldom used for policy purposes. Budget preparation and implementation also need to be better aligned to the explicit objectives of the sector.

## **II. Proposed Development Objectives**

### **A. Current Project Development Objectives – Parent**

The Development Objective of the proposed operation is to improve the system of in-service teacher training and to strengthen the management of human resources in the education sector in São Tomé and Príncipe.

### III. Project Description

#### Component Name

Component 1: Improving the Quality of In-Service Teacher Training in Primary Education

#### Comments (optional)

#### Component Name

Component 2: Improving Management of the Education System

#### Comments (optional)

### IV. Financing (in USD Million)

Total Project Cost:	3.50	Total Bank Financing:	3.50
Financing Gap:	0.00		
<b>For Loans/Credits/Others</b>			<b>Amount</b>
BORROWER/RECIPIENT			0.00
IDA Grant			3.50
Total			3.50

### V. Implementation

The project will be implemented by the MoE. AFAP, the Fiduciary and Administrative Agency (under the Ministry of Finance) will support the MoE with implementation of fiduciary aspects of the project. The Project will work closely with the MoE to ensure the project interventions are equitable and socially sound.

### VI. Safeguard Policies (including public consultation)

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

**Comments (optional)**

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