

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC54255

Project Name	OECS Human Development Service Delivery Project (P154253)
Region	LATIN AMERICA AND CARIBBEAN
Country	OECS Countries
Sector(s)	General education sector (33%), Health (33%), Other social services (34%)
Theme(s)	Social Safety Nets/Social Assistance & Social Care Services (34%), Injuries and non-communicable diseases (33%), Education for all (33%)
Lending Instrument	Investment Project Financing
Project ID	P154253
Borrower(s)	Ministry of Finance-St. Vincent and the Grenadines, Ministry of Finance and Economic Affairs-St. Lucia
Implementing Agency	Ministry of Health, Wellness, Human Services & Gender Relations-St. Lucia, Ministry of Education Youth and Sports-St. Vincent and the Grenadines, Ministry of Social Transformation, Local Government and Community Empowerment-St. Lucia, Ministry of Education-St. Lucia, Ministry of Health, Wellness and the Environment-St. Vincent and the Grenadines, Ministry of National Mobilization, Social Development, Family, Gender Affairs, Persons with Disabili
Environmental Category	C-Not Required
Date PID Prepared/ Updated	28-Jan-2016
Date PID Approved/ Disclosed	04-Feb-2016
Estimated Date of Appraisal Completion	31-Aug-2016
Estimated Date of Board Approval	15-Dec-2016
Concept Review Decision	Track II - The review did authorize the preparation to continue

I. Introduction and Context

Country Context

I. Introduction

1. This Concept Note (CN) proposes a Project to improve Human Development (HD) service delivery systems in two Organization of the Eastern Caribbean States (OECS) countries, St. Lucia and St. Vincent and the Grenadines.

A. Regional Context

2. High levels of growth in the 1980s and 1990s led to the achievement of many human development milestones in the OECS countries. The OECS countries are classified as having high human development levels according to the UNDP's Human Development Index (HDI). Education coverage is almost universal at the primary and secondary levels with gender parity and primary completion rates close to 100 percent. Maternal and child health indicators for the OECS countries are relatively good which puts the OECS on track to continue to make progress towards the Millennium Development Goals (MDGs) and make greater strides towards reaching the Sustainable Development Goals (SDGs).

3. However, the 2008 financial crisis and repeated shocks, continue to have debilitating impacts on the region. The OECS countries have struggled to restore pre-crisis growth levels. In addition to low growth, challenges in the form of high debt and vulnerability to economic shocks continue to face the OECS. Furthermore, these countries are highly vulnerable to climate shocks and natural hazards, which often have debilitating effects on livelihoods, particularly the poorest. Hurricane Ivan, which struck Grenada in 2004, damaged 90 percent of the country's infrastructure, left half of the population homeless, and resulted in estimated damages equivalent to over twice of the country's GDP at the time. Tropical Storm Erika, which hit Dominica on August 23, 2015, left damage and losses estimated to cost the country US\$482.84 million. Under these constraints, the region is also dealing with an aging population, high rates of migration, and an increase in NCD and disability burden.

4. Poverty pressures still constrain most member countries and unavailability of recent data also limits effective response. The most recent available poverty data illustrates high levels of poverty across the OECS. Poverty stood at 28.8 percent in Dominica in 2009; 37.7 percent in Grenada in 2008; 30.2 percent in St. Vincent and the Grenadines in 2008; and 28.8 percent for St. Lucia in 2006. A common trend is for the brunt of poverty to be felt by children and female headed households. For instance, 35.7 percent of Dominica's poor were under age 15; 53 percent of Grenada's poor are children; over 50 percent of the poor in St. Lucia are under age 20; while, 48.2 percent of the poor were between 0-19 years in St. Vincent and the Grenadines. (Caribbean Development Bank, 2006-2009). Given the effects of recent economic crises and natural disasters, poverty levels have unlikely varied significantly from these figures. However, updated poverty assessments have not been completed, given resource constraints. Targeted poverty-reduction interventions are therefore not informed by current poverty data.

5. Gender disparities have also been observed in all three sectors in the OECS countries. Despite the gender parity in access to education, there are significant differences between the proportion of boys and girls who pass both English and Mathematics tests at the Caribbean Secondary Education Certificate (CSEC) - it is on average 8.5 percent higher for girls across the states. Even with better performance and high levels of education among women, unemployment rates among women are much higher than in men. Data from the most recently available Country Poverty Assessments (CPA) indicates unemployment rates at 11.1 percent among men and 17.6 percent among women in Dominica (2008/09); 17.9 percent for men and 31.8 percent for women in Grenada (2007/08); and 12.7 percent among poor men, compared to 27.4 percent of poor women in St. Lucia (2005/06). Data for the Caribbean indicates a similar problem among youth, with youth unemployment standing at over 30 percent for women and 20 percent for men (Caribbean

Development Bank, 2015). In health, a large disparity between obesity rates, a key driver of chronic diseases, among men and women is seen across the OECS countries, and appears to persist based on data projections to 2015. These rates reflect disparities in risk factors for obesity, where evidence suggests that a greater share of women compared to men have a sedentary lifestyle. Further, given the role of obesity itself as a risk factor for conditions such as hypertension and diabetes, women are more likely to be affected by the lack of an adequate response to the increasing burden of NCDs.

Sectoral and Institutional Context

Sector Context

6. The limited growth environment, exposure to shocks, and challenges facing the Project countries increase the need for robust and efficient human development (HD) systems. In spite of continuous focus on the development of these systems, the HD systems in the OECS countries face challenges in ensuring effective and efficient delivery of services. Key information gaps also persist, making informed decision-making weak in all three sectors. Such weaknesses limit the ability of systems to be responsive to the challenges facing the country in areas of education, health, and social protection and labor. In addition, low economic growth is likely to translate into limited increases in government spending, meaning that generation of fiscal space will need to come from improvements in efficiency of existing government expenditure.

7. Weak quality of services are eroding OECS countries' human resources. There are a number of challenges that are key obstacles to growth and shared prosperity in the OECS countries. Those that require immediate attention include low learning outcomes and education systems which are not bestowing the required skills for young people to compete in the labor market, contributing to a large pool of unemployed youth. The increasing rates of NCDs are eroding productivity of the workforce and impose a large economic burden as NCD patients spend 36 percent of their total household expenditure annually for care. Weak and fragmented social protection systems cannot provide adequate protection to vulnerable populations nor channels to help them build their human capital for greater resilience.

8. Despite universal access to education, learning achievements are low, and this can be attributed to several challenges. The 2010 Grade 4 Literacy and Mathematics tests showed that about 50 percent of Grade 4 students had not achieved mastery at their grade level. At the secondary level, the percentage of students passing the Caribbean Secondary Education Certificate Program? (CSEC) was 37 percent or below for all the states. The percentage of students who pass both English and Mathematics tests at CSEC is on average 23 percent across the states. Some of the underlying causes of low education quality in the OECS countries are lack of clear teaching and learning standards and low capacity of both teachers and school leadership to facilitate student centered pedagogy or to use classroom assessments to strengthen teaching and learning. This leads to failure to address learning deficiencies before a student exits the system or transitions to the next grade.

9. The OECS countries have initiated several joint activities to address the challenge of low learning achievement as part of implementation of the OECS Regional Education Strategy. The OECS have developed a harmonized curriculum and primary exit assessment. They are also finalizing costing and appraisal of an implementation plan for the OECS Regional Education Strategy and have initiated the development of a learning assessment framework which includes formative assessments, and a process for clarifying learning standards based on the harmonized

curriculum. The OECS Commission, in collaboration with the member states, is in the process of preparing an application for grant funds amounting to US\$ 2 million from the Global Partnership for Education. The plan is to use these funds for the following activities: (i) development of a teaching and learning standards framework based on the harmonized curriculum; (ii) preparation of professional development modules to support capacity building for training of teachers and school leaders on effective pedagogical practices and implementation of teaching and learning standards, and (iii) monitoring pedagogical practices and the promotion of knowledge sharing across countries. The Grant will also support initial implementation of these activities at the country level, paying specific attention to equality of opportunity based on results of the ongoing analytical work.

10. The inadequacy of health systems also weakens countries' ability to address the growing NCD burden and leads to the continuation of interventions not based on evidence. The prevalence of diabetes, for example, is currently estimated at 8.5 percent in St. Lucia and 9.9 percent in St. Vincent and the Grenadines. Treatment is costly, at US\$794 (St. Lucia) and US\$494 (St. Vincent and the Grenadines) per person per year, placing a significant financial burden on the health system. Health providers face several shortcomings in the management of health care that are crucial for the early detection and control of patients with NCDs, particularly diabetes and hypertension. The health systems in St. Lucia and St. Vincent and the Grenadines, as those across the OECS countries, traditionally focus on maternal-child interventions, and are not prepared to deliver services for the more complex and costlier NCD treatment. Furthermore, the growing number of NCD patients demanding increased monitoring and follow-up, further strain the already limited capacity of the health workforce and compromises the quality of health services. Policy planning and health expenditures directed to address NCDs are driven by anecdotal evidence rather than data. This lack of data results in the continuation of services with no proven impact nor results.

11. Adding to the challenges from NCDs, OECS health systems are limited in their ability to effectively respond to and contain public health emergencies. While the likelihood of an Ebola case in the Caribbean was low during the 2014 Ebola Virus Disease (EVD) outbreak in Western Africa, it did lead to an assessment across the Caribbean of their level of preparedness for such an outbreak. These assessments revealed that St. Lucia and St. Vincent and the Grenadines, and all CARICOM countries, lack compliance with the International Health Regulations (IHR) 2005 which establish basic public health protective measures needed at the country-level. This lack of IHR compliance together with increasing levels of travel among Caribbean states are key factors contributing to regional health security gaps across the Caribbean. The crisis of Ebola, Chikungunya, and the latest Zika outbreaks stress the need to ensure that front line health workers have the knowledge and skills to properly communicate across Caribbean countries and deliver critical services to respond to and, in the future, prevent such outbreaks.

12. Labor market outcomes have been weak due to ad-hoc service delivery and information gaps. Unemployment levels are high compared to other countries, with unemployment reaching 24.4 percent in St. Lucia in 2014 (Statistics Office, St. Lucia); and 19 percent in St. Vincent and the Grenadines in 2008 (Caribbean Development Bank). Despite the availability of job seekers in the labor market, employers in both countries have cited inadequately educated workforce as a major obstacle in the most recent enterprise surveys (2010). NCDs also impose a large economic burden in the form of lost productivity and foregone economic growth resulting from lost earnings, lost work days, restricted activity days, lower productivity at work, mortality and permanent disability. Despite this, labor market interventions are often implemented without being informed by relevant demand-side and supply-side data. Furthermore, labor market interventions are routinely replicated

or scaled up with limited assessment of performance or impact.

13. Social protection service delivery systems are weak and fragmented, which limits the ability of OECS countries to effectively respond to the risks faced by the poor and vulnerable. Both St. Lucia and St. Vincent and the Grenadines provide a range of safety net programs and labor market interventions. Despite provision of a range of SPL programs and services, both countries do not yet have coherent SPL systems to effectively provide protection to poor and vulnerable households, facilitate promotion of human capital, and prevent adverse effects of economic and climate shocks. Severe inefficiencies hamper the effective SPL service delivery. These include: (i) weak capacity among implementing ministries; (ii) poorly designed instruments for service delivery, e.g. for targeting, payments and referrals; and (iii) ineffective inter-institutional coordination and monitoring mechanisms. While some efforts to address these systemic challenges have been made, both countries will require more sustained support to ensure that their SPL service delivery systems are effectively able to support the development objectives of the countries, as well as the objectives they committed to within the growth and resilience pillars of the World Bank Regional Partnership Framework.

Institutional Context

14. At the country-level, human development issues in the areas of education, health, and social protection and labor are overseen by the corresponding sector ministries across the OECS countries. These include Ministries of Education, Ministries of Health, and Ministries responsible for Social Development and Social Transformation. Each Ministry is responsible for overseeing the needs of the public and is tasked with setting public policies, delivering services, financing, and regulating the sector for which it is responsible. This includes ensuring the development and implementation of a strategic plan and policies are in place.

Relationship to CAS

15. The proposed Project contributes to the Bank's twin goals of eliminating extreme poverty and boosting shared prosperity by strengthening human development service delivery systems. This will be achieved through a mix of interventions aimed at strengthening health systems' capacity for NCDs and emergency response, better quality of education, and greater effectiveness of the social protection systems. These investments in human development would improve service delivery systems through the use of clear standards to guide teaching and learning and improved capacity, and through performance-based approaches rewarding results in the delivery of services together with the strengthened capacity of health providers to deliver these quality services; and through stronger and more efficient social protection service delivery instruments, human resources, and institutional frameworks that can have a great impact in not only protecting the poor and vulnerable during shocks, but also support them in breaking the cycle of poverty through targeted interventions.

16. The proposed Project is consistent with the World Bank Group OECS Regional Partnership Strategy (RPS) FY2015-2019 Framework endorsed by the Board of Executive Directors on November 13, 2014. The RPS aims to support sustainable inclusive growth through three areas of engagement: (i) competitiveness, (ii) public sector modernization, and (iii) resilience. The proposed Project is the key building block for the resilience area. The RPS recognizes the importance of strengthening the capacity of HD systems for the delivery of quality services to ensure access by the most vulnerable populations to critical social services that will contribute to breaking the poverty

cycle. The Project activities are aligned with the RPS pillar of resilience, and in particular outcomes 6, 7, and 8 which respectively are, improved targeting and reduced fragmentation of social protection system, establishment of quality education standards, and enhanced data to support evidence-based policy to address NCDs.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The objective of the proposed Project is to strengthen human development service delivery systems.

Key Results (From PCN)

18. The following indicators will measure progress toward achieving the PDO:

- Percentage of teachers rated effective on classroom practices
- Number of enrolled beneficiaries in the RBF NCD scheme for diabetes monitoring according to the national protocol.
- Number of enrolled beneficiaries in the RBF NCD scheme for hypertension monitoring according to the national protocol.
- Share of population with information stored in social registry linked to improved targeting instrument.

19. Annex 5 outlines the Project Results Chain by describing the pathways across each level of the results chain that lead to the achievement of the overall Project objective. The results chain outlines more specifically, the proposed outcomes to be achieved in each sector, as well as intermediate indicators and component outputs.

III. Preliminary Description

Concept Description

The Project will be structured around four components:

Component 1: Strengthen pedagogy for basic education teachers (Total Cost: US\$ xxx million).

20. This Component will improve pedagogy of basic education teachers by: (i) adapting teaching and learning standards, developed at a regional level with support from the GPE, to country level contexts; (ii) strengthening the capacity of teachers through training on effective pedagogical practices, formative assessment in line with learning standards and use of student learning data; (iii) printing and distribution of teacher's manuals and guidelines on effective pedagogical practices; (iv) establishing an on-line community of practice on effective pedagogical practices; and (v) developing capacity of school leaders to support teachers to improve pedagogy through the printing and distribution of a handbook for schools leaders and training.

Component 2: Strengthening health systems for NCDs and emergency response (Total Cost: US\$ xxx million)

21. This Component will contribute to strengthening the responsiveness of service delivery systems to address the growing burden of NCDs and public health emergency threats. The Project aims to improve the ability of the public health system to deliver health services by: (i) focusing on the successful management of diabetes and hypertension through the piloting of results-based

financing schemes in St. Lucia and St. Vincent and the Grenadines; and (ii) strengthening in-country capacity to respond to public health emergencies in a timely and targeted manner by strengthening health workforce capacity on surveillance and reporting and improving health intelligence through strengthened epidemiological surveillance. Under (i), the Project will finance the development of a training curriculum and training of health workers, while under (ii) the Project will finance capitation payments to be made to the District Health Units.

22. This Component would introduce RBF, using results-adjusted capitation mechanisms to better align incentives to improve delivery of health services to address NCDs. Under the RBF mechanism, the Ministry of Health of St. Lucia and St. Vincent and the Grenadines will enter into a performance contract with the District Health Units to deliver a package of priority NCD prevention interventions. The Ministry and District Units will agree on the targets to be achieved in two areas, coverage levels and performance related to NCD prevention services to be delivered. Capitation payments would be made on the basis of: (i) a roster of eligible individuals; and (ii) the achievement by District Health Units of targets (to be verified by a body external to the MOH). The potential total beneficiary population is 10,828 individuals in St. Vincent and the Grenadines and 15,493 individuals in St. Lucia based on 2013 World Bank population data and 2014 diabetes prevalence, which is lower than hypertension prevalence. The final number of beneficiaries will be determined based on total funds available and final design of the RBF scheme. Annex 6 provides a visual overview of the timeline and linkage across funding sources to support the overall health component.

Component 3: Building Responsive Social Protection Service Delivery Systems (Total Cost: US\$ xxx million).

23. This Component would strengthen SPL service delivery systems to ensure that programs and services are more efficient, better tailored to beneficiary needs, and more responsive to shocks and crises. The Component would support ongoing reform efforts in both countries through: (i) improvements of SPL service delivery instruments; (ii) strengthening human resource capacity for provision of SPL programs and services; and (iii) enhancement of institutional mechanisms for more efficient, coordinated, and transparent service delivery. The investments in SPL service delivery instruments would include assistance in development and strengthening of targeting mechanisms for social safety nets and labor market programs, management information systems (MIS), including labor market MIS (LMIS), central beneficiary registries, and payment mechanisms. The Component would also support capacity building activities, including training on key topics central to improved responsiveness, including case management, improved delivery of skills, including training and certification of assessors, and supporting labor market assessments to provide informed data on labor supply and demand needs in OECS countries. Finally, the Component would develop institutional mechanisms and protocols for responsive SPL service delivery through, strengthening inter-institutional coordination mechanisms for SPL, introduction and/or strengthening of grievance mechanisms for SP programs, establishment of clear and coherent referral protocol for beneficiaries of SPL programs and services, and establishment of standards to deliver labor market programs and services through development of skills certification framework.

Component 4: Project Implementation, Monitoring and Evaluation. (Total Cost: US\$ xxx million).

24. This Component would finance activities related to the management of the Project to ensure its effective administration and implementation, and develop and put in place effective monitoring

system. In particular the Component would finance: (i) project coordination in each of the countries involved; (ii) external technical verifications and audits; and (iii) the development and implementation of Project monitoring and evaluation systems for the Project. Bank financing would support project management through financing part of the incremental operating costs of the existing PCUs in both countries, as well as training to project staff, purchase of necessary office equipment, and independent project audits. The Project would also support the design and implementation of tools to monitor the results framework for the proposed Project. Bank financing would be provided for technical assistance, services and training of the staff engaged in monitoring.

IV. Safeguard Policies that might apply

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

V. Financing (in USD Million)

Total Project Cost:	10.80	Total Bank Financing:	10.80
Financing Gap:	0.00		
Financing Source			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			10.80
Total			10.80

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