



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 03-Aug-2018 | Report No: PIDISDSA24910



BASIC INFORMATION

A. Basic Project Data

Country Sao Tome and Principe	Project ID P163088	Project Name Social Protection and Skills Development Project	Parent Project ID (if any)
Region AFRICA	Estimated Appraisal Date 25-Jun-2018	Estimated Board Date 27-Sep-2018	Practice Area (Lead) Social Protection & Labor
Financing Instrument Investment Project Financing	Borrower(s) Democratic Republic of Sao Tome and Principe	Implementing Agency Ministry of Labor and Social Affairs, Ministry of Education, Science, Culture and Communication, Directorate of Tourism and Hospitality	

Proposed Development Objective(s)

The Project Development Objective is to support the development of an effective national safety net system for poor households and inclusive and labor market relevant skills development programs.

Components

1. Institutional Strengthening and Capacity Building
2. Support to Implement the Conditional Cash Transfer Vulnerable Families Program
3. Increase the Employability of TVET Graduates and Youth through Labor Market Relevant and Entrepreneurial Skills Training Programs
4. Project Implement Support

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	10.00
Total Financing	10.00
of which IBRD/IDA	10.00
Financing Gap	0.00



DETAILS

World Bank Group Financing

International Development Association (IDA)	10.00
IDA Grant	10.00

Environmental Assessment Category

C-Not Required

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

- 1. The Democratic Republic of São Tomé and Príncipe (STP) is a small island state with a low-middle income economy that has experienced significant economic growth in the past few years.** Its total population is just over 195,000 people and is divided into six districts plus the Autonomous Region of Príncipe. From 2008 to 2015, STP experienced an average annual GDP growth of approximately 5 percent and GDP per capita grew on average 3 percent annually¹. STP’s economy is based on agriculture and services, with a very small industrial sector. The main economic activities are tourism, retail, transport, communication, and construction; small scale agriculture and fishing are the main livelihoods for most of the population.
- 2. STP’s human development outcomes continue to improve and the country performs higher than the Sub-Saharan Africa average on the UNDP Human Development Index.** STP has made good progress in improving several social indicators, such as gross primary school enrollment, mortality rate of children under five years old and access to improved water source and electricity.² In addition, the country met five of the Millennium Development Goals (MDGs) by 2015 and is on track to achieve the Sustainable Development Goals (SDGs) related to hunger and nutrition, healthy lives and equitable access to

¹ STP is a small island economy with no single economic activity that serves as a driver of growth. Historically, agriculture has been a strongly performing sector, with exports of cocoa, coffee, and palm oil increasing in recent years. However, this has not compensated for the growth of imports. Tourism is an important and growing activity, but it has not yet been able to support growth on an economy-wide basis.

² World Bank, 2016



education by 2030.

3. **STP's growth and progress on human development, however, has been highly dependent on foreign assistance.** More than 90 percent of the public investment program is supported by donors and most pro-poor recurrent expenditures are financed by Official Development Assistance (ODA).³ In the foreseeable future, STP will continue to face significant challenges to overcome insularity, small market size, vulnerability to natural shocks and climate change, limited human capital, and scarce tradable resources to generate sustainable and inclusive growth and reduce poverty. Recently, there have also been significant changes in the donor landscape with the discontinuance of Taiwan's aid (which averaged US\$16 million annually) and the upcoming significant increase in IDA financing among others.⁴ Careful attention will need to be paid to ensure that areas previously heavily supported by Taiwan, particularly in the area of human development, are adequately supported to maintain recent progress.
4. **Poverty and vulnerability in STP have a clear gender dimension.** Two of every five households in STP are headed by women (41 percent). Among those households headed by women, 57 percent are poor, compared to 48 percent among those headed by men.⁵ Many older women in STP demonstrate low levels of literacy and have little formal schooling. Data from the 2012 census shows that women in STP aged 15 and above have an illiteracy rate of 15 percent, compared to a mere 5 percent among men. In the labor market, limited formal schooling also correlates to higher rates of unemployment. Only 53 percent of women aged 15 to 64 actively participate in the labor force compared to 76 percent of men and unemployment rates for women are more than twice that of men (19 percent compared to 9 percent respectively). Women's lower levels of schooling and employment makes female heads of households particularly vulnerable.
5. **Youth unemployment is a major challenge.** The overall unemployment rate in STP was estimated at 13.6 percent: 9.3 percent among men and 19.7 percent among women in 2015. The rate amongst youth is significantly higher and has been increasing in recent years. In addition to the need to promote job creation and provide employment opportunities, employers report having difficulties finding graduates who have the necessary skills and qualifications. The quality of the skills training programs and the limited size of the labor market are constraints to economic growth and improving rates of employment.
6. **Access to education has significantly improved, but quality and relevance of education are limited.** While access to primary education is nearly universal and transition rates to secondary education are relatively high, the quality of education provided remains an issue. Many teachers lack sufficient training and teaching learning materials are scarce which results in poor learning outcomes among students. Technical and vocational education and training (TVET) available is also limited in terms of its quality and relevance to the labor market – as a result of lack of a national skills development strategy, limited coordination amongst training providers, and limited alignment between the skills development programs and labor market needs.
7. **The Government of STP, in its Vision 2030, has made diversification of the economy and the strengthening of human capital national priorities.** This strategy defines as its main objective to improve the livelihoods for all people in the country by accelerating inclusive, sustainable, and private sector driven

³ World Bank, 2014

⁴ World Bank, PLR for the period FY14-FY18.



growth in key areas including tourism and agriculture. It also underlines as key priorities to (i) reduce poverty in rural and coastal areas; (ii) promote employment of young people through education and training; (iii) ensure protection of environment and improve inspection and enforcement capacity; and (iv) strengthen the health system (RDSTP, 2015).

Sectoral and Institutional Context

8. **To address poverty challenges, STP has made significant progress in the area of social protection in recent years.** The Social Protection legal framework in STP is based on the Social Protection Law approved in 2004, the Social Protection Policy and Strategy approved in 2013, and the approval of the National Social Protection Policy and Strategy (PENPS) in early 2014. The Social Protection Law reorganized the social protection system in the country into three levels: social assistance, obligatory social protection and complementary social protection. The first is a non-contributory social assistance system, while the second and third are social insurances. The law also created a National Social Protection Council under the Office of the Prime Minister to bring together and integrate key stakeholders. However, while the Council has already been created, it is not yet operational and the requisite regulations and policies have not been established. The Social Protection of the Citizenry system is administered and managed by the Ministry of Employment and Social Affairs (MEAS), as well as by other participating ministries, local authorities and NGOs dedicated to social services.
9. **The Government's PENPS was approved in 2012.** This strategy aims to establish a Social Protection System that protects the Santomean population, especially poor households and children, against natural and shocks, and therefore contribute to the country's effort to reduce poverty. To achieve this, the strategy includes five strategic objectives, namely: (i) eliminating extreme poverty through conditional cash transfers and activities promoting human capital development; (ii) developing a robust mandatory contributory social protection system; (iii) promoting employability of vulnerable groups like the youth, women and the disabled; (iv) developing adequate delivery systems for the implementation of social protection programs; and (v) defining adequate coordination mechanisms for the social protection sector. This strategy also restructures the core national safety nets programs into three new programs, namely the Social Pension, the Vulnerable Family Program (Conditional Cash Transfer program targeting poor households with working age members) and the Labor-Intensive Public Works Program. The Strategy also sets up new design parameters for the programs, including an increase in the amount of the cash transfer.
10. **Safety net programs in STP are underfunded, have low coverage and amounts, and fail to deliver timely and regular transfers to extreme poor populations.** The budget allocation in STP for social protection does not allow providing sufficient coverage and generosity through the three above-mentioned safety net programs. In addition, DPSS has serious operational constraints that prohibit it from effectively implementing programs, resulting in delayed payments to beneficiaries and weak M&E processes.
11. **To mitigate the above-mentioned weaknesses, the proposed Project aims to build on technical assistance (TA) provided by the World Bank over the last three years to build the basic blocks of a social protection system.** To enable the implementation of a well-targeted social assistance programs in STP, the Government benefited between 2014 and 2017 from two grants from the Rapid Social Response Trust Fund - P149534 "Building Blocks for the Social Protection System in São Tomé e Príncipe", and P163445 "Development of Effective Delivery Systems for Social Protection".



12. **In STP, technical and vocational education training (TVET) is provided by a handful of public and private institutions and through a TVET track in secondary education.** The four public TVET institutions in STP are spread across three Ministries – one under MEAS, two under the Ministry of Education, Culture, Science and Communication (MECCC), and one under the Ministry of Agriculture and Rural Development. These institutions graduate a total of nearly 1,000 students per year in various professional areas through a combination of shorter informal courses to more formal training programs that last up to three years. There is a lack of clarity about these different institutions’ roles and responsibilities and very little dialogue across Ministries. This is partially the result of various donor-financed initiatives over the years which were often not well coordinated and their presence in the sector temporary. The institution that has received the most consistent support is the Professional Training Center Budo-Budo (CFP Budo-Budo) under MEAS. The Portuguese Cooperation supported the establishment of the center in 2002 and continues to provide the center with financial and technical support. Other donors present in the sector in recent years have been the African Development Bank, Brazil, the European Union, and PNUD although many of these donors are no longer active in the sector.
13. **The TVET track in secondary schools is known as “Curso Secundario Profissionalmente Qualificante – CSPQ”.** In the academic year 2016/17, there were approximately 1,000 students enrolled in six different course offerings – Business Administration, Pre-Primary Education, Environmental Tourism, Public Administration, Humanities/Law, and Agriculture and Animal Production. Students that complete these three-year courses receive a double certification including a secondary school completion certificate and a professional certification in their chosen area. Demand for these courses is high and there is often not enough space to accommodate all students.
14. **There is a significant need to improve overall governance and coordination in the skills development sector.** Due to high turnover in leadership, previous efforts to improve the governance of the sector have been unsuccessful and the system suffers from pervasive fragmentation, poor coordination, and weak links to the labor market and employability. In 2012, a decree was passed to establish a national legal framework for skills development and a coordination unit comprised of government and private sector representatives responsible for identifying training needs, coordinating and monitoring training institutions’ activities and avoiding duplication; today there is no evidence that this coordination unit was ever established. A recent report produced by the ILO suggested that the institutional arrangements outlined in the National Employment Policy to coordinate the skills sector (i.e., several new departments, a labor observatory, a fund, etc.) are too cumbersome and inappropriate for a small country like STP. Alternatively, efforts should be targeted to create just one small, simple, and functional structure to oversee coordination.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

The Project Development Objective is to support the development of an effective national safety net system for poor households; and inclusive and labor market relevant training programs.

Key Results

- Number of beneficiaries receiving cash transfers



- Percentage of which are female
- Percentage of beneficiary households in Q1 and Q2 of the income distribution;
- Number of participants completing labor market relevant courses supported by the Project
 - Number of safety net beneficiaries
 - Percentage of which are female
- Percentage of graduates from training programs supported by the Project that are employed

D. Project Description

Component 1 – Institutional Strengthening and Capacity Building

15. **The specific objective of this component is to strengthen the capacity of Ministerial staff and institutions responsible for activities in social protection and skills development sectors.** To achieve this objective, this component supports (i) the development of governance frameworks and basic monitoring and evaluation and service delivery systems for both social protection and skills development initiative; and (ii) targeted capacity building and technical assistance (TA) to support implementation. The Project focuses particular attention on institutional strengthening to sustain initiatives supported by the Project and future work in these two sectors. This component is divided into two subcomponents, aligned with the institutions responsible for implementing social protection and skills development programs.

Component 2 – Support to Implement the Conditional Cash Transfer Vulnerable Families Program

16. The objective of this component is to increase income and consumption of poor households participating in the *Vulnerable Families Program* (VFP) in STP, through the provision of regular cash transfers and accompanying measures including a parental education program and skills training opportunities through skills development initiatives supported under the Project.

Component 3 – Increasing employability of TVET graduates and youth through labor market relevant and entrepreneurship training programs

17. **This Component aims to support the development and implementation of quality training programs in STP, with a specific emphasis on skills development needs in the Tourism sector and fostering an “entrepreneurial” mindset.** Building on the recently issued National Strategy for Tourism in STP, the Project will support efforts to increase the supply of skilled labor – with a focus on ensuring skills provided are adequate for meeting labor market demand as the Tourism sector continues to grow. Further, based on the limitations of size of the private sector, a specific program intended to foster a greater entrepreneurial mindset amongst youth in STP will be supported. This component includes two sub-components: (i) establishing a National Hotel and Tourism School in STP; and (ii) building entrepreneurial skills among all secondary school students.

Component 4. Project Implementation Support

18. This component will directly finance the costs associated with the fiduciary management of the project and the staff required to oversee coordination across Ministries and project monitoring and evaluation.



Per the agreement with the Ministry of Finance, all technical aspects of World Bank-financed projects are handled by the respective ministries while all fiduciary aspects are handled by AFAP. AFAP is an entity that is shared across projects and each project is responsible for contributing resources to cover shared costs such as AFAP staff, operating costs (i.e., rental space, transportation, utilities, etc.), external audits, etc.

E. Implementation

Institutional and Implementation Arrangements

19. The Project is multi-sectoral and will require close coordination across several ministries. The Project will be implemented by several different Ministries depending on the component and subcomponent. MEAS will have the overall technical responsibility for subcomponents 1.2, 2.1, and 2.2 whereas MECCC will have the overall technical responsibility for subcomponent 3.2 and be responsible for coordinating with other for relevant Ministries and the Senior Operations Officer for subcomponents 1.1 and 3.1. AFAP (Fiduciary Agency for Project Management) will be subcontracted and will have the fiduciary responsibility for the project.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

The Project will have national coverage and cover all six districts on the island of Sao Tome -- Agua-Grande, Cantagalo, Caué, Lemba, Lobata, and Mé-Zochi -- and the Autonomous Region of Principe.

G. Environmental and Social Safeguards Specialists on the Team

Benjamin Burckhart, Social Safeguards Specialist
Paivi Koskinen-Lewis, Social Safeguards Specialist
Cyrille Valence Ngouana Kengne, Environmental Safeguards Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	No	This policy is not triggered because this project does not entail physical investments.



Performance Standards for Private Sector Activities OP/BP 4.03	No	
Natural Habitats OP/BP 4.04	No	Project activities are not expected to have direct impacts on natural habitats.
Forests OP/BP 4.36	No	Overall, project activities are not expected to have direct impacts on forests.
Pest Management OP 4.09	No	This project does not entail agricultural intensification and reforestation activities.
Physical Cultural Resources OP/BP 4.11	No	This policy is not triggered because this project does not entail physical investments.
Indigenous Peoples OP/BP 4.10	No	This policy is not triggered because in Sao Tome and Principe there are no groups of people who meet the four criteria required to be defined as indigenous under this policy.
Involuntary Resettlement OP/BP 4.12	No	This policy is not triggered because the project will not have a physical footprint and will therefore not require land acquisition leading to physical or economic resettlements.
Safety of Dams OP/BP 4.37	No	No building or rehabilitation of dams.
Projects on International Waterways OP/BP 7.50	No	Activities do not involve international waterways.
Projects in Disputed Areas OP/BP 7.60	No	No activities in disrupted areas.

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The Project will not trigger any safeguards policy as no potential large scale significant or irreversible impact is expected. The Project does not entail physical investments and is not expected to have direct impacts on natural habitats. Overall, Project activities are not expected to have direct impacts on forests and the Project does not entail agricultural intensification and reforestation activities. In addition, the Project will not have a physical footprint and will therefore not require land acquisition leading to physical or economic resettlements.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
No potential indirect impact is anticipated due to activities of the Project.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.
NA

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.



The Project will be implemented at national level and in all districts of the country. Even though borrower's institutional capacity for safeguards is low, the Project does not expect to trigger any safeguards policy. No safeguards studies are expected to be needed during Project implementation.

No environmental impacts are expected under the Project as this will not include any construction or rehabilitation of infrastructure that could create such an impact.

The Project is expected to bring several positive social impacts through the activities implemented. The cash transfers are likely to increase income and consumption of extreme poor households supported by the Project. Complementary measures to the cash transfers are expected to improve human development indicators among the beneficiary population including a better nutrition and a mitigation of gender based violence. Skills development initiatives will likely enhance the employability of participating students including those who will be referred from the cash transfer Program.

Even though safeguards policies will not be triggered, the World Bank safeguards specialist will be invited to the implementation support missions in order to assess any potential safeguards issues related to the Project.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

B. Disclosure Requirements

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

NA

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

NA



All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

NA

Have costs related to safeguard policy measures been included in the project cost?

NA

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

NA

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

NA

CONTACT POINT

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APPROVAL

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