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# Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 06-Dec-2017 | Report No: PIDISDSC22581

**BASIC INFORMATION****A. Basic Project Data**

Country Sao Tome and Principe	Project ID P163088	Parent Project ID (if any)	Project Name Social Protection and Skills Development Project (P163088)
Region AFRICA	Estimated Appraisal Date Jun 25, 2018	Estimated Board Date Sep 27, 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	

**Proposed Development Objective(s)**

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

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

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

**DETAILS****World Bank Group Financing**

International Development Association (IDA)	10.00
IDA Credit	10.00



Environmental Assessment Category

C - Not Required

Concept Review Decision

Track II-The review did not authorize the preparation to continue

**Note to Task Teams:** End of system generated content, document is editable from here.

Other Decision (as needed)

## B. Introduction and Context

### Country Context

- 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 annually<sup>1</sup>. 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.
- Unfortunately, robust GDP growth has not significantly reduced poverty.** An estimated 62 percent of the population remains impoverished, with the government recognizing the poverty reduction rate as marginal during the 2000 to 2013 period. Limited job opportunities and high urban unemployment, particularly among youth, are among the root causes of why poverty remains stagnant (World Bank, 2014). One third of the population lives on less than US\$1.90 PPP/day (global extreme poverty line) and more than two thirds of the population is poor, using a poverty line of US\$3.10 PPP/day. Social protection policies have not been able to alleviate poverty and provide a path for the vulnerable population to grow out of poverty (World Bank, 2015).
- The incidence of extreme poverty is greater among children and in households headed by women.** Extreme poverty is greater among children under 18 years old (11.3 percent) and among people over 60 years (11.4 percent) compared to those 18 to 59 years old (9.5 percent). The incidence of extreme poverty is also greater in households led by women (12.8 percent) than those led by men (10.7 percent). Women also have less access to employment than men.
- STP is highly dependent on foreign assistance for both recurrent and capital expenditures.** 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) (World Bank, 2014). 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

<sup>1</sup> 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.



capital, and scarce tradable resources to generate sustainable and inclusive growth and reduce poverty (World Bank, 2016).

5. **STP 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. STP has met five (5) 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 education by 2030. Progress has been made in some of the key human development indicators (e.g., primary education completion, albeit with quality issues; maternal and child mortality rates; halting the spread of HIV/AIDS; access to safe water), and its human development outcomes are well above the Sub-Saharan average (World Bank, 2016).

6. **Access to education has markedly improved, but quality remains an issue.** While access to primary education is nearly universal and transition rates to secondary education relatively high, the quality of services remains an issue. In the education sector, many teachers lack sufficient training and learning materials are scarce which results in poor student learning outcomes.

7. **As in many other countries, youth unemployment is a major challenge.** The unemployment rate is 13.6 percent: 9.3 percent for men and 19.7 percent for women. However, youth unemployment is 23 percent, almost twice the national average. This is due to a lack of market relevant skills and access to jobs in particular for the most vulnerable population. At the same time, opportunities for employment in general are limited and there is a need for both more job creation and entrepreneurial skills in the population.

8. **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 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

#### Social Protection

9. **To address poverty challenges, STP has made significant progress in the area of social protection in recent years.** Specifically, with the approval of the Social Protection Framework Law in 2004, the relevance given to social protection in the Second National Poverty Reduction Strategy 2012–2016 (ENRP II), and the approval of the National Social Protection Policy and Strategy (PENPS) in early 2014.

10. **The Social Protection Framework Law (Law 07/2004) reorganized the social protection administrative system in the country in three levels:** social protection of the citizenry, obligatory social protection and complementary social protection. The first is a non-contributory social assistance system and the second and third are social insurances, the second both contributory and obligatory while the third is contributory and optional. The law also created the National Social Protection Council which should integrate representatives of key stakeholders and should function at the Prime Minister level. This law is however not yet regulated and the Council is not yet operational. The administration of the Social Protection of the Citizenry system is managed by the Ministry for Labor and Social Affairs (MEAS), as well as by other participating ministries, local authorities and NGOs dedicated to social services. The contributory and obligatory social insurance is administered by the National Social Security Institute (INSS); the optional insurance is still not operational.



**11. The main social assistance programs are managed by the Directorate of Social Protection and Solidarity (DPSS) within MEAS.** DPSS currently implements three main safety net programs:

- The *Needy Mothers* program (*Programa Mães Carenciadas*) provides financial support to poor mothers with 3 or more children. Coverage of the program is very low (1,224 households are registered in the program, representing less than six percent of poor households). Lack of financial resources, weak targeting and rudimentary payment systems have also hampered the implementation of the program. Although payments are supposed to be made on a quarterly basis, in reality beneficiary households receive only one payment with a year delay (2016 benefits were paid in block in June 2017).
- DPSS also provides two types of social pensions: the first called the *Subsidy to the unknown* targets the elderly who on occasion had contributed to their retirement yet without reaching the minimum level necessary for the INSS pension (120 monthly contributions); the second is called the *Continuous subsidy* for the elderly poor who have never contributed towards their retirement and for poor people with disabilities. These social pensions are paid every three months, supposedly at the same time as payments for *Needy Mothers* are made. DPSS also provides one weekly hot meal to poor elderly.

**Table 1: Main features of the DPSS safety nets programs**

Main Programs	Type of Program	Target group	Target population (hh)	Current no. of beneficiaries (hh)	Coverage of target group (%)	Subsidy level (Euros/month)
<i>Social pension -- continuous subsidy</i>	UCT	Elderly poor who never contributed to the Social Security system and poor people with disabilities	10,721	1,021	28.4	2.9
<i>Social pension – subsidy to the unknown</i>	UCT	Elderly who partially contributed to the Social Security system, but without reaching the minimum level necessary for the INSS pension (120 monthly contributions)		2,024		4.1
<i>Needy Mothers</i>	CCT	Poor female headed households with three or more children –	21,574	1,224	5.7	5.4

**12. Safety net programs in STP are underfunded, have low coverage and generosity, and don't succeed in delivering timely and frequent transfers to extreme poor populations.** The budget allocated to Social Protection in STP 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.

**13. DPSS is understaffed with only seven public servants managing the three core safety net programs at national level.** DPSS has a very small team to manage their programs. The team is led by the National Director, who combines a technical role of leading the implementation of programs with a political role of advising the Minister of MEAS on social



policies and coordinating with donors and partners. The other six technicians working under the National Director don't have specific terms of reference and implement different activities (registration, payments, M&E, etc.) based on needs. At decentralized level, the number of human resources is very insufficient with only a few districts having permanent DPSS staff at the district councils (*camaras distritais*).

14. **DPSS does not have adequate resources to perform their activities and to properly implement safety net programs.** DPSS has only one car to do the supervision of all activities in the country. Not all DPSS staff have access to computers and there is no Management Information System for their programs. As a result of not having enough human resources and equipment, DPSS does not collect regular data on the implementation of programs nor on the beneficiaries participating in the program.

15. **The World Bank has provided technical assistance (TA) over the last three years to the Government of STP, and more specifically to MEAS and DPSS, to build the basic blocks of a social protection system, that would enable the implementation of well-targeted social assistance programs.** Other donors, including UNICEF and International Labor Organization (ILO) have also supported the Social Protection sector in STP, although their support is not focused on the operationalization of safety net programs, but on policy support and capacity-building.

16. **The proposed Project would build on the TA provided between 2014 and 2017 and financed through the Rapid Social Response Trust Fund (Project P149534 "Building Blocks for the Social Protection System in São Tomé e Príncipe" and Project 163445 "Development of Effective Delivery Systems for Social Protection").** These projects aimed at creating the basic blocks for a social protection system by enhancing government understanding of vulnerability and risk in the country vis-à-vis the existing supply of safety net interventions, and developing key operational tools to reach the poorest and register them in selected safety net programs. A number of key activities were implemented and covered the following areas:

- **Social Protection Assessment:** An assessment of the social protection system, including the operationalization of the three core safety nets programs was carried out in 2015. The assessment identified several programmatic and operational gaps that will try to be addressed by the proposed Project.
- **Poverty and Inequality Mapping:** A study was completed in 2015 and aimed at mapping poverty and inequality in STP. The poverty mapping technique was based on a small area estimation procedure developed by the World Bank by combining household survey data for 2009/2010 and census data for 2012 for STP to build spatially disaggregated poverty maps. The study used a model of household expenditure from a survey dataset to estimate household welfare and applied it to the census dataset, which does not provide sufficient information on household income or expenditure.
- **Targeting Methodology:** A targeting methodology for safety net programs was developed, approved and adopted. The targeting methodology includes a three step approach through (i) geographical targeting by using poverty maps; (ii) community based targeting using local leadership; and (iii) a Proxy Means Test (PMT) for poverty verification. The PMT model for STP uses the natural log of per capita consumption as dependent variables, represented by the sum of food and non-food expenditures, excluding durable goods, adjusted for spatial differences using 2010 prices. The PMT assigns a score to each household, based on the information collected for the variables included in the model.
- **Social Registry (SR):** The SR was established in 2015 and populated with 3,500 beneficiary households from the three existing safety net programs<sup>2</sup>. The Project would support the scale up of the SR by identifying and registering additional households (some of them to be supported by the *Needy Mothers* Program using Project funds).

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<sup>2</sup> The *Needy Mothers* Program and the two social pensions.



- **Enrollment and Identification:** Through the ongoing TA, the World Bank is supporting MEAS and DPSS to develop a proper beneficiary enrollment and identification mechanism. Once potential safety nets beneficiaries are registered in the Social Registry, those eligible for the programs need to be enrolled and provided a beneficiary identification card. The beneficiary identification card will have a unique identifier to provide accountable and transparent payments of subsidies.
- **Payment Study:** A payment system study has evaluated the options existing in the country for efficient and regular payments, and will guide the project preparation work. The objective of the consultancy was to assess and determine the readiness of State policy, infrastructure, systems and procedures to implement payment and administration arrangements, including options for outsourcing payments. With the ongoing TA, it is expected that before the start of the Project, DPSS will have prepared a bidding process to select a company to provide payments for the Project and for other safety net programs.
- **Participatory Monitoring and Grievance Redress Mechanism (GRM):** Under the ongoing TA, the World Bank will support the Government of STP to set up a proper communication strategy and procedures to make sure that poor and vulnerable households have access to information related to existing social services and safety net programs, registration and enrollment campaigns and rights and obligations for safety net beneficiaries.
- **Operational Manual:** Based on the results of the assessment, the three core safety net programs were redesigned and operational manuals were developed for their implementation. One of the manuals reflects review of the design of a conditional cash transfer program *Needy Mothers*, though this would need to be revised and adapted for the proposed Project.

### Skills Development

17. **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. (Annex 2 includes a summary table of these institutions and types of training offered). 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 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.

18. **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.

19. **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.

20. **Even the most basic data about the performance of the sector and needs of the labor market is not readily available.** It is expected that the recent household survey, which included a new employment module, will help to shed further light onto the country's job market. To date, there have been no employer and/or beneficiary surveys or tracer studies conducted by TVET institutions to understand the employability of graduates and adjust programs offered. To improve the performance of the sector, there is a significant need to focus on data collection efforts and conduct further analysis of the needs of the sector.

21. **Inadequate attention given to improving governance and strengthening institutional capacity under previous skills initiatives resulted in limited sustainability.** The current system has multiple abandoned training center buildings, nearly empty classrooms, and numerous laws/decrees that were never operationalized, etc. Lessons learned are that proposed solutions must be simple and include significant investments in building the capacity of various stakeholders and local institutions. Many past investments focused primarily on infrastructure - future projects should take advantage of existing infrastructure and only make small adjustments where needed. Alternatively, more focus should be given to ensure that there are greater connections between the provision of training programs and the needs of the labor market and improve the relevancy and quality of training offered. There must also be shift in the mindset of the sector to focus less on simply the provision of various training programs but more so on the result and employability of its graduates.

22. **TVET courses in STP face several challenges.** The physical infrastructure of many of these institutions is modern with ample space to accommodate the current supply and demand. However, due to a lack of coordination, insufficient linkages with the labor market, and overall low quality of the training provided, the current system is both dysfunctional and ineffective in preparing graduates with the skills needed to enter the labor market and contribute to economic growth. The overall perception by the private sector is that the quality of the training is very low due to inadequately trained trainers, curriculums that are very theoretical with limited practical experience, and misalignment of the programs offered with the needs of employers. There is little to almost no practical training and teachers often lack sufficient content knowledge and hands on experience in the areas they teach. There have been a few recent examples where the private sector has developed and financed their own training programs to ensure employees have the skills and competencies required. This is particularly true in the tourism sector.

23. **Tourism is a key area of economic growth and has great potential for job creation.** The government has taken recent measures to promote tourism such as the approval of 15-day visa free access for EU, US, and citizen from Portuguese speaking countries. Tourism is now the primary source of foreign exchange and represents five percent of GDP and over 40 percent of total export earnings. In 2016, approximately 22,000 tourists visited STP which represents a 5-10 percent increase per year over the last four years. Tourism has the potential to reach a significant number of beneficiaries and improve employability across various socio-economic levels.

24. **The current supply of training programs to support growth in the tourism sector is insufficient.** There are a few existing short and longer-term courses related to tourism in STP. However, most suffer from curriculums that are too theoretical; trainers that are poorly qualified; and weak links to the labor market. As a result, learning outcomes are low





and most of these programs fail to lead to opportunities for employment for its graduates. There is a need to improve the quality of existing programs, create new ones and increase overall numbers trained, and work closely with the private sector to ensure quality. Through technical assistance provided by the World Bank, the country is developing a comprehensive national tourism strategy. This strategy will be instrumental in identifying the skills and training programs required in the next 5-7 years to meet the growing demand.

25. **While there are some opportunities for employment in both the public and private sectors, they are insufficient to meet the growing demands.** There is a significant need to develop entrepreneurial attitudes and skills amongst the population to encourage self-employment and job creation. A number of small initiatives by other donors are underway in this area such as the ILO, United Nations Industrial Development Organization (UNIDO), and the Portuguese Cooperation however they lack the financing to bring these to scale and the number of beneficiaries to date has been limited.

### C. Relationship to CPF

#### Relationship to CPF

26. **The proposed Social Protection and Skills Development Project is aligned with the Country Partnership Strategy (CPS) for the period FY14-FY18 and more specifically to theme 2 on “Reducing Vulnerability and Strengthening Human Capacity”.** The proposed activities will strongly support the achievement of outcome 7 of the CPS on “Improved poverty targeting” and outcome 10 on “Increased access to skills development”. The CPS has been recently broadened and extended by one year (up to FY19) with the new Performance Learning Report (PLR). The proposed Project fits under the second pillar of the PLR: “enhancing the statistical system, reducing vulnerability and strengthening human capacity”.

27. **Related to improved poverty targeting, the proposed Project will support the implementation of a poverty targeted conditional cash transfer program aiming at providing a regular income, smoothing consumption and improving human development indicators for targeted beneficiaries.** A proper targeting methodology combining geographical targeting, community based targeting and a Proxy Means Test has been developed for the Project and will be used to select beneficiaries for the conditional cash transfer program.

28. **The proposed Project is also aligned with the second Poverty Reduction Strategy paper for STP and more specifically with its third pillar on “enhancing human capital and extending basic social services” that underlines the importance of “promoting initiatives for the effective protection of vulnerable or disadvantaged social groups”, “guaranteeing equality and gender equity”, “promoting vocational training in priority development areas”<sup>3</sup>.** As for the increased access to skills development programs, the Project will support the development and implementation of various training programs aligned with the labor market needs identified under the National Strategy for Tourism.

### C. Proposed Development Objective(s)

29. **The project development objective (PDO) is to:** (i) increase income and productivity of poor households in STP through supporting their access to regular cash transfers; and (ii) expand access to market relevant and inclusive training programs in key growth sectors.

#### Key Results (From PCN)

<sup>3</sup> Poverty Reduction Strategy Paper, GoSTP, 2014.



**PDO Level Indicators.** The Project's performance in achieving its development objective would be measured through the following key outcome indicators:

- Number of poor beneficiaries receiving regular cash transfers from the Project (disaggregated by gender)
- Percentage of beneficiaries from the poorest two quintiles
- Percentage of safety nets beneficiaries completing skills training courses (inclusiveness of training)
- Number of participants completing courses in key growth areas supported by the Project (access to training)
- Percentage of graduates from key growth areas supported by the Project that are employed (market relevance of training)

#### D. Concept Description

33. **The proposed Project would support the government of STP in its efforts to reduce poverty and vulnerability in the country.** It would seek to support a two-fold approach of protecting poor households through cash transfers and enhancing opportunity through increased access to skills development initiatives. First, the Project would seek to transform the current conditional cash transfers program *Needy mothers* into an effective safety net, with increasing coverage and efficient targeting and payment systems. It would also seek to improve human development outcomes through (i) support to primary school attendance for the children of beneficiary families; and (ii) the development and implementation of skills development programs in key growth sectors aligned with the labor market needs. The Project would offer, for members of the beneficiary households participating in the *Needy Mothers* Program and meeting a number of additional criteria, the opportunity, including through the payment of a small stipend, to attend skills development programs, including the ones designed and implemented through the third component of the Project.

#### Component 1 – Institutional Strengthening and Capacity Building (US\$3 million)

35. **The specific objective of this component is to enhance the capacity of MEAS and other institutions involved in the social protection and the skills development sector** to: (i) implement, monitor, and evaluate the *Social Protection Policy and Strategy* (PENPS) as an integrated and permanent safety net system; and (ii) enhance the effectiveness of technical and vocational education training (TVET) programs by strengthening institutional capacity to effectively govern the sector and promote greater links with the labor market and employability. To achieve this objective, this component supports the development of governance frameworks and basic delivery systems for both social protection and skills development initiatives and specific capacity building and technical support to implement, monitor and evaluate programs supported by the Project.

36. **This component is divided into two sub-components, aligned with the institutions responsible for implementing Social Protection and Skills programs.** Both subcomponents aim to strengthen institutional capacity to sustain initiatives supported by the Project and future work in these two sectors.

#### Subcomponent 1.1 – Building permanent systems to implement Social Protection programs (US\$2 million)

37. **The institution responsible for the social protection related activities under the Project is the MEAS and the Directorate of Social Protection and Solidarity (DPSS) in particular.** This subcomponent aims to establish the systems required to effectively implement social protection programs and enhance the capacity of staff within DPSS to manage these programs and implement the activities supported by the Project.



38. **In the area of Social Protection, this subcomponent would build on the ongoing TA and support the further development of the following systems:** the targeting system, payment system, Management Information System (MIS), system for monitoring compliance of co-responsibilities, Grievance Redress Mechanism (GRM), and referral system for safety net beneficiaries to access skills development opportunities. Specific activities include the following:

- **Targeting system.** The targeting system for the safety net programs has been designed and endorsed by the GoSTP, including poverty maps and a PMT formula, and is currently being used to register the families that are beneficiaries of the small current safety net implemented by MEAS. The component would support the further scale up and improvement of that system. If new household survey data are available, the poverty maps and the PMT formula would be updated.
- **Payment system.** A payment system would be established, building on the recommendations of the study financed by the on-going TA Project (P163445) and on the results of a bidding process. Preliminary results from the assessment suggest that families would be paid every two months through commercial banks. The Government would need to contract out one or more banks through a competitive process. Banks would deliver transfers in cash or using electronic payments instruments (e-money, prepaid payment cards, debit cards, smart cards) and payments would be linked to a basic transaction bank account. The decision to use banks as payment service providers would be based on the current characteristics of STP' payments system. STP has one of the smallest and more concentrated financial systems in the world. Although the government is working actively in setting up a new legal framework to enable the modernization of STP's financial system, as of now, there is not presence of alternative payment service providers different to banks (i.e. post office, mobile network operators, microfinance institutions). With the on-going technical assistance, it is expected that before the start of the Project, DPSS will have prepared a bidding process to select the banks to provide payments for the Project and for other safety nets programs.
- **Management Information System (MIS).** A MIS would be designed and implemented for safety net programs. In addition to the beneficiary registration and identification modules being currently developed under the on-going TA, the following additional modules would be developed: payments modules, compliance module, referral to skills development activities module and grievance redress mechanism module.
- **Monitoring of co-responsibility compliance.** The *Needy Mothers* program is in its design a Conditional Cash Transfer Program aimed at improving human development indicators through a combination of cash transfers with co-responsibilities from beneficiaries on school attendance. Although during the lifetime of the Project co-responsibilities will not be strictly enforced, a system for monitoring the compliance of primary school attendance for the children of beneficiary households would be developed and become a dedicated module within the MIS.
- **Grievance Redress Mechanism (GRM).** A complaint redress system would be designed and implemented under the Project. It would allow beneficiary households, as well as non-beneficiary, to lodge complaints about selection, payments, compliance and any other issue arising during Project implementation and seek redress. The design of the GRM would build on the results of the on-going TA Project which has a component on participatory monitoring.
- **Referral system for safety net beneficiaries to access productive opportunities.** In order to achieve a sustainable graduation out of poverty, approximately 300 members of the beneficiary households from the *Needy Mothers* Program would be referred to training opportunities supported under Component 3 of the Project. Members of



the households could be one of the parents or a teenage or adult child.<sup>4</sup> The selection process, with additional criteria such as minimum and maximum age (tentatively 16 to 30 years) and minimum level of school education, would be defined. A system of additional benefits (stipends) for selected household members would be defined to cover possible tuition fees, transport and/or housing if needed for training programs that are only offered in the capital. Stipends would be paid as cash directly to the selected beneficiaries, with monitoring of attendance to the training as a condition.

40. **Project Implementation Support for MEAS.** This subcomponent would support the recruitment of technical assistance to aid MEAS in implementing activities related to Social Protection to the Project. It is anticipated that the respective Ministries and a new Skills Coordination Agency will be responsible for leading their programs and overall implementation of Project activities. Instead of creating multiple PIUs, to address existing staffing and capacity constraints, the Project would finance the recruitment of technical experts to sit within these institutions to provide hands-on capacity building and support Project implementation. MEAS currently has very little staff to cover all MEAS responsibilities and programs. Due to the expected high increase in workloads to establish various governance and service delivery systems under the Project, MEAS will recruit technical assistance to oversee management of the proposed activities in Social Protection in addition to technical staff (such as a payments specialist for subsidies to beneficiaries, M&E specialists, communication specialists, etc.). These staff would be housed within MEAS and would interact with MEAS staff for all policy and technical matters. MEAS would also collaborate closely with MECCC, particularly for matters related to compliance, and the Skills Coordination Agency for the training programs to be offered by MEAS under subcomponent 3.2.

41. **Capacity building for MEAS staff.** This subcomponent aims to increase the government's capacity to implement, monitor and evaluate existing programs and effectively use the delivery systems developed. In this sense, this subcomponent would support the provision of additional TA and specific capacity building initiatives for MEAS. This subcomponent would support capacity building, communication and advocacy activities for the main departments responsible for implementation, monitoring, and evaluation of the Project at the central and sub-national levels.

42. Eligible activities under this subcomponent would include: (i) technical assistance to the Project for the development of systems and to manage specific processes; (ii) equipment and hardware for the delivery systems to be developed under the subcomponent; (iii) development and implementation of an information, education, and communication (IEC) strategy; and (iv) trainings, study tours and other initiatives to enhance the capacity of MEAS staff to implement, coordinate, and monitor their Programs. The specific training activities will be identified during the preparation of the Project and summarized and costed in a training plan.

### **Subcomponent 1.2 – Strengthening governance and building institutional capacity in the skills sector (US\$1 million)**

43. The main institutions that would be responsible for the skills development related activities under the Project include a new Skills Coordination Agency; the Directorate of Technical and Professional Education and Education of Youth and Adults (DETPEJA) within MECCC; and the Directorate of Labor, Employment and Professional Training (DTEFP) within MEAS. This subcomponent aims to enhance the capacity of staff within these institutions to effectively implement TVET activities and strengthen the overall governance of the skills sector. Specific activities include the following:

44. **Governance Framework.** The Project intends to improve coordination and governance of the skills sector by establishing a new coordination agency. It is envisioned this small agency would consist of a simple coordination

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<sup>4</sup> Of the registered households, 41 percent have children 16 years old or older that could potentially participate in skills development activities.



committee placed under the Office of the Prime Minister rather than within any of the specific ministries operating TVET institutions. This agency is intended to be comprised of only three to four staff with the necessary expertise to analyze labor market trends and oversee the creation of a national strategy for skills development. Then, a commission with representatives from different TVET institutions and the private sector, led by this coordination agency, would be established. The coordination agency would be responsible for gathering data on the needs of the labor market and strengthening the relevancy of training offered by TVET institutions. Significant attention would be paid to reducing fragmentation of the sector, avoiding duplication of training programs, and realigning training programs to meet the needs of key growth sectors. This agency would also be responsible for developing a framework and policies to establish strong Public Private Partnerships (PPPs) in the sector. The Project would support the development of governance frameworks and policies for this new agency in addition to training staff in their new roles.

45. **M&E System for the Labor Market.** To improve the availability of data in the area of skills development and shift the focus of TVET providers to employment of their graduates, the Project would support the creation and implementation of data collection instruments such as tracer studies to track the employability of graduates and training beneficiary and employer surveys to monitor the needs of the labor market and the quality of training programs offered. All four of the public TVET institutions would be required to conduct these studies on an annual basis and provide detailed data on rates of employment for graduates within one year of graduation. Each TVET training program would also be required to formulate annual training plans based on data collected from these surveys and demonstrate how feedback from training beneficiaries and employers is being used to improve course offerings.

46. **Project Implementation Support for the Skills Coordination Agency and MECCC.** For the activities in skills development outside of MEAS' mandate, rather than establishing a PIU, specific technical staff would be recruited and located within the new Skills Coordination Agency and MECCC (i.e., a Project Coordinator and M&E Specialist at the Skills Coordination Agency and a technical expert at MECCC). TA will be required to establish the new Skills Coordination Agency. A coordinator would be recruited to oversee the recruitment of agency staff, development of operating and governance frameworks, creation of a detailed training plan, and coordination of all skills development activities under the Project. A M&E Specialist would also be recruited to help establish the overall M&E system, provide targeted support to TVET institutions to collect data and administer surveys to training beneficiaries, and monitor all skills development activities under the Project. Together with agency staff, these two staff would be responsible for ensuring close collaboration with MECCC and MEAS in the development of the training programs under Component 3.

47. **Capacity Building in Managing Skills Programs.** This sub-component would support capacity building activities for the main departments responsible for implementation, monitoring, and evaluation of the Project including Skills Coordination Agency staff, DETPEJA staff within MECCC, and DTEFP staff within MEAS. TVET institution administrators would also benefit from specific training activities to increase their capacity to conduct tracer studies and use their results. These training activities would likely include a combination of targeted courses, study visits, and on-the-job training. Specific training activities will be identified during Project preparation and summarized in a costed training plan.

48. Eligible activities under this subcomponent would include: (i) equipment and operating costs of the Skills Coordination Agency; (ii) technical assistance to establish the Skills Coordination Agency governance framework and policies and support the development and implementation of employment tracer studies; (iii) recruitment of technical assistance (i.e., Project Coordinator, M&E Specialist, etc.) to facilitate implementation of skills-related activities under the Project; and (iv) training activities for key actors in the TVET sector.

## **Component 2: Support to Implement the Conditional Cash Transfer *Needy Mothers* Program (US\$3 million)**



49. The objective of this component is to increase income of poor households in STP through the provision of regular cash transfers through their participation in the *Needy Mothers* Program.

50. Beneficiaries would be poor households with children under the age of 12 (the age until which primary schooling is compulsory). Beneficiary households would be selected using a combination of geographical and community targeting and a verification process involving household surveys and the calculation of a PMT score (the PMT has already been designed and tested). A first phase would start with payment to the households that are currently part of the current safety net (approximately 1,224 households) and which have been surveyed and registered through the current TA project. Beneficiary households of the other two small Government-executed safety net programs would also be integrated in the Project if they meet the criteria. The *Needy Mothers* Program would be supported in all seven districts of the country.

51. Benefits would consist of a cash transfer equivalent to US\$ 30 a month to be paid every two months. This level of benefits is currently being approved through presidential decree, but MEAS has expressed its willingness to review the amount if needed during project preparation. Payments would be done every two months, for a period of three years initially for all beneficiary families. Based on the available budget and level of benefits, it is expected that approximately 2,500 households would receive cash transfers for the total duration of the Project.

52. The cash transfer would be in theory conditional to primary school attendance for all children of the household, even though this will not be strictly enforced during the lifetime of the Project as MEAS and MECCC do not have capacity to monitor attendance at this time. Although this co-responsibility would be soft during Project implementation, it is expected that it would eventually become a full conditionality; therefore, the Project would support the development of the system to monitor compliance. The safety net would therefore be a joint effort of both MEAS (responsible for overseeing safety net programs) and MECCC (responsible for providing data on school attendance of all beneficiary households). The Project would support linking the recently developed MIS of MECCC and the MIS of the Project to import data about primary school attendance into the condition compliance module. Once the compliance system is in place, all children of beneficiary households would therefore have to attend primary school (with a minimum of 80% monthly attendance) for the households to continue receiving benefits. In case of non-compliance, benefits would not cease at once, but non-compliance would trigger a process of follow-up with beneficiary households to identify the reasons why the children are not attending school. Benefits would continue for two rounds to encourage those families to send their children to school. After two rounds of payments and non-compliance, a process would be established to stop payments momentarily until school attendance is resumed.

53. To complement the cash transfers, two other activities would be implemented under the *Needy Mothers* Program. First, beneficiaries of the Program would also participate in the *Parent Education* subcomponent of the Program as a co-responsibility. This subcomponent aims at sensitizing household members on human development issues including family planning, improved nutrition, financial inclusion or gender-based violence and beneficiary household members would participate in trainings and sensitization campaigns. This subcomponent is currently being piloted with UNICEF technical and financial assistance. The Project would support its final design and scale-up based on the results of the pilot.

54. Secondly, and as described under component 1, a referral system for beneficiaries of the *Needy Mothers* Program to access other existing productive opportunities would be developed and tested under the Project. In this sense, it is expected that 300 beneficiary households would be referred to existing productive initiatives, including the ones described under component 3 of this Project. To facilitate their participation at these productive activities and to cover for opportunity costs, stipends would be provided to beneficiaries to cover for possible tuition fees, transport and accommodation. Linking cash transfers with skills development initiatives would provide a means to activate beneficiaries and potentially increase their employability and chances of graduating out of poverty in a sustainable way.



55. This subcomponent would finance (i) cash transfers to beneficiaries; (ii) operational costs to deliver the cash transfers; (iii) technical assistance and operational costs to deliver the *Parent Education* Program in the beneficiary districts; and (iv) operational costs and stipends for 300 *Needy Mothers* beneficiaries to participate in skills development initiatives described under component 3 of the Project.

### Component 3 – Provision of Quality Training Programs in Key Growth Areas (US\$4 million)

56. **The objective of this component is to support the development and implementation of quality training programs in the areas of tourism and entrepreneurship.** Building on recent efforts by the Government and the World Bank to develop a National Strategy for Tourism, the Project aims to increase the supply of skilled labor in areas required to support the expected growth in the tourism sector. To address the lack of jobs and encourage entrepreneurial attitudes and skills, the Project would also support training programs in entrepreneurship. The Project would focus on improving the quality of existing programs and creating new ones where needed. It would also encourage the greater use of PPPs to deliver training programs and ensure better alignment with the needs of the private sector.

57. **This component is divided into two subcomponents, according to the type of training programs offered (formal vs. informal), target beneficiaries (in-school vs. out-of-school), and the Ministry responsible (MECCC vs. MEAS).** Subcomponent 3.1 will support more formal TVET courses in tourism and entrepreneurship led by MECCC and subcomponent 3.2 will support more informal TVET courses in tourism and entrepreneurship led by MEAS. Table 2 includes a summary of all training programs to be supported by the Project.

#### Subcomponent 3.1 – Formal TVET courses in tourism and entrepreneurship led by MECCC

58. **This subcomponent would support two types of training – entrepreneurial skills for in-school youth enrolled in secondary education and tourism-related skills for unemployed and employed youth.** The entrepreneurial skills training is an existing program recently developed by MECCC and UNIDO. The tourism training program would be developed under the Project based on recent collaborative efforts between the public and private sector to deliver similar trainings in this area.

59. **Training in Entrepreneurial Skills in Secondary Education.** Together with UNIDO, MECCC has developed a new training program on entrepreneurial skills to be included in the secondary education curriculum. This program is adapted from similar programs developed in Mozambique, Angola, and Cabo Verde which showed promising results. The program includes two hours of training each week during grades 10 and 11 and covers topics such as self-confidence, seeking out opportunities and decision-making, and financial and resource management. The course includes a strong practical component including visits to local businesses, presentations by local entrepreneurs and participation in an entrepreneurship fair. UNIDO supported the development of the course but additional resources are required to support its implementation on a larger scale.

60. **Hotel and Tourism School.** There is a need to create high quality programs in tourism that are aligned with the needs of the private sector. In the absence of other existing programs, large employers in the tourism industry have been collaborating with MECCC to implement ad hoc training programs in areas such as hotel management, foreign languages, restaurants/food, etc. to meet their growing needs. The Project intends to build on these positive experiences by supporting a series of reforms at the current *Centro de Formação Profissional de Brasil-STP*. One of the changes would be to change the governance structure of the center and based it on a PPP (according to the framework developed under Component 1). Current course offerings at the center suffer from very low enrollments, weak links to employment, and duplication with the courses offered by MEAS. The space for the training center is relatively new but vastly underutilized.



The Project would support the creation of a new Hotel and Tourism School at this center, including rehabilitation of the existing space and new equipment. The courses would focus on priority areas identified in the National Tourism Strategy and range from 9 months to 2 years in length. The Project would also support MECCC to work with the private sector and recruit an international training institution to work jointly with MECCC for a period of approximately two years to develop the curricula and programs of the school; train local trainers; and develop institutional management tools and system.

61. This subcomponent would finance: (i) the training of secondary school teachers, printing of learning materials, and operating costs required to scale up the entrepreneurship curriculum in secondary schools; (ii) the rehabilitation of space and purchase of equipment for the Hotel and Tourism School; and (iii) the recruitment of an international training institution to help establish the new school.

**Subcomponent 3.2 – Informal TVET courses in tourism and entrepreneurship led by MEAS**

62. This subcomponent would support the expansion of various training programs currently offered by MEAS’ *Centro de Formação Profissional – Budo Budo*. This would include short courses offered in areas related to tourism including hospitality, arts and crafts, and processing local products. The other course would consist of a 120-hour training on entrepreneurship and small business administration targeted to unemployed youth and female heads of households. Nearly all the programs developed and the administration of the center has been done with the financial and technical support of the Portuguese Cooperation who has financed the center since its inception in 2002.

63. **Short Courses in Tourism.** The center currently offers short training courses in tourism related-areas for unemployed youth. However, due to funding and space constraints, enrollments are limited to only 18-20 students. The center has a second training space and occasionally offers some of its courses in various districts. The Project would support costs to expand the current training programs related to tourism in order to deliver additional sessions outside of the city center. The quality of the existing program would also be improved by including in the curriculum more practical training for the learners. The Project would support this adaptation of the current training program and additional training for the course trainers.

64. **Training in Entrepreneurism and Small Business Administration.** This training program was developed specifically to help socioeconomic disadvantaged youth and female heads of households to create income generating opportunities. This training is often conducted in districts outside of the city center where there is the greatest need. This training has been limited to 10 participants at a time in the past. The Project will support costs associated with increasing the frequency of this training and the number of districts covered to increase the number of people able to benefit. In the expansion of these courses in both tourism and entrepreneurship, targeted efforts will be made to include beneficiaries from the *Needy Mothers* program.

65. This subcomponent would finance: (i) revisions to the current training courses in tourism-related areas; (ii) additional training for trainers; and (iii) operating costs for expanding the number of training sessions delivered in the districts.

**Table 2. Summary of Training Programs in Tourism and Entrepreneurism to be Supported under Component 3**

Ministry	TVET Programs	Type of Training			Status	Partners
		Duration	Areas	Beneficiaries/Targets		
Ministry of Education, Culture, Science, Communication	Secondary Education (both TVET and traditional tracks)	2 years (2 hours/week, 144 hours)	Entrepreneurial Skills	In-school youth in grades 10-11	Pilot	UNIDO/Portugal
	Tourism and Hotel School within the	9 months - 2 years	Priority Areas in National Tourism	Unemployed and employed youth	Not yet created; to be	--





(MECCC)	<i>Centro de Formação Profissional de Brasil – STP</i>		<i>Strategy (i.e., Hotel Management, Foreign Languages, Restaurant/ Food, etc.)</i>	<i>(Requirement: 9<sup>th</sup> -12<sup>th</sup> grade depending on course)</i>	<i>based on recent initiatives with private sector</i>	
Ministry of Labor and Social Affairs (MEAS)	<i>Centro de Formação Profissional de Budo-Budo</i>	<i>2-4 months</i>	<i>Tourism/Hospitality Arts and crafts Processing local products</i>	<i>Unemployed youth, beneficiaries from Needy Mothers Program (Requirement: 6<sup>th</sup> grade)</i>	<i>Existing courses but would require adaptation</i>	<i>Portugal</i>
	<i>Centro de Formação Profissional de Budo-Budo</i>	<i>120 hours</i>	<i>Entrepreneurism and small business administration (with support to start a small business)</i>	<i>Unemployed youth, beneficiaries from Needy Mothers Program (Requirement: 6<sup>th</sup> grade)</i>	<i>Ongoing</i>	<i>--</i>

**SAFEGUARDS**

**A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)**

The Project will have national coverage and therefore will be implemented in the districts of Agua-Grande, Catangalo, Mé-Zochi, Caué, Lemba, Lobata and Paué.

**B. Borrower’s Institutional Capacity for Safeguard Policies**

Not applicable

**C. 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

**D. 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.

### E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Mar 15, 2018

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

No specific studies are expected. The safeguard specialist will be invited to participate at pre-appraisal mission and assess whether any specific study is needed.

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**APPROVAL**

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**Approved By**

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Practice Manager/Manager:	Jehan Arulpragasam	12-Jan-2018
Country Director:	Elisabeth Huybens	20-Jun-2018

**Note to Task Teams:** End of system generated content, document is editable from here.