



# Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 07-Mar-2022 | Report No: PIDA33289



**BASIC INFORMATION**

**A. Basic Project Data**

Country Sao Tome and Principe	Project ID P178018	Project Name Social Protection COVID-19 response and recovery	Parent Project ID (if any)
Region AFRICA EAST	Estimated Appraisal Date 04-Mar-2022	Estimated Board Date 28-Apr-2022	Practice Area (Lead) Social Protection & Jobs
Financing Instrument Investment Project Financing	Borrower(s) Democratic Republic of Sao Tome and Principe	Implementing Agency Ministry of Labor, Solidarity, Family and Professional Training	

Proposed Development Objective(s)

The development objective of the project is to strengthen the social protection system and expand the coverage of social protection programs.

Components

- Component 1. Institutional strengthening of the social protection sector
- Component 2. Social assistance programs
- Component 3. Project implementation support
- Component 4. Contingent Emergency Response Component

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

**SUMMARY**

<b>Total Project Cost</b>	18.00
<b>Total Financing</b>	18.00
<b>of which IBRD/IDA</b>	18.00
<b>Financing Gap</b>	0.00

**DETAILS**

**World Bank Group Financing**

International Development Association (IDA)	18.00
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IDA Grant	18.00
Environmental and Social Risk Classification	
Moderate	
Decision	
The review did authorize the team to appraise and negotiate	

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Other Decision (as needed)



## B. Introduction and Context

### Country Context

**São Tomé and Príncipe is a low-middle-income, small-island country that faces challenges typical of small states.** In 2018, the country's per capita Gross National Income (GNI) was estimated at US\$3,430 in purchasing power parity (PPP), and its per capita Gross Domestic Product (GDP) was US\$2,043. STP's development challenges include high fixed costs of public goods, limited investments in human development, as well as geographic isolation and small market size which constrain the growth of dynamic, competitive markets.

**In STP, 35 percent of the population is below the national poverty line and 25 percent of the population live on less than US\$1.9 PPP/day.** Human development outcomes in STP are low, showing slight improvements since 2010 that will likely roll back due to COVID-19 impacts on school closings and the overwhelmed healthcare system. STP's Human Development Index (HDI) has increased from 0.542 to 0.589 between 2010 and 2017, placing it above the average for Sub-Saharan Africa (0.537), but below the average for other countries in the medium human development level group (0.645).

**Women and youth are at particularly high risk of poverty due to unemployment and low labor market participation.** Extreme poverty is greater among children and in households headed by women: 40 percent of households in STP are headed by women, 57 percent of which are poor, compared to 48 percent of male-headed households. While about one-third of all households in STP are headed by women, they account for 42 percent of the poorest 20 percent of households in the country and only 27 percent of the wealthiest 20 percent. The unemployment rate among women is 14.5 percent compared to 5 percent of men (IOF 2017).

**STP has relatively high total girls and adolescent fertility rates.** Data shows an average of 4.4 children per women and 96 births per 1,000 women aged 15-19 years (double the rate of other similar small state islands). Early pregnancies for girls and gender-based inequities represent a critical binding constraint behind lagging results in stunting for small children, gaps in school enrollment and unequal labor market outcomes.

**STP is also vulnerable to climate changes effects and sea level rise due to its geographical location and small size.** In fact, STP is ranked 136 out of 181 countries in terms of country vulnerability to climate change as per the Global Adaptation country index. The Government of STP has identified the main effects caused by climate change and impacting negatively the country's economy, namely: (i) the temperature increase; (ii) the decrease in rainfall which has negative impacts on the river flows; (iii) the increase in the length of the dry season; (iv) the stronger and increasingly unpredictable spring tides; (v) coastal erosion; and (vi) occasional floods (NAPA, 2016).

### Sectoral and Institutional Context

**The Government of STP commitment to reduce poverty include taking steps to put in place a framework to strengthen the social protection system.** The social protection legal framework in STP is based on the Social Protection Law approved in 2004 (Lei n.º 7/04, Lei de Enquadramento da Protecção Social) and the Social Protection Policy and Strategy (PENPS) approved in early 2014. The administration of the Social Protection system is managed by the Ministry of Labor, Solidarity, Family and Professional Training (MLSFT) and the Directorate of Providence, Solidarity, Social Assistance and Family (DPSSF) under the guidance of MLSFTP implements the SP programs.



**STP has made significant progress in social protection in recent years and is guided by PENPS.** The strategy supports three Social Protection Programs: (i) the Social Pension Program; (ii) the Vulnerable Families Program (VFP); and (iii) the Labor-Intensive Public Works Program (pending implementation). The GoSTP is also implementing the VFP-COVID-19 shock response program to provide support to households directly or indirectly affected by COVID-19. Other programs were created to complement the VFP including the Parental Education Program (PEP). The country experimented with apprenticeship programs for young people and social protection beneficiaries through a referral system; and with programs promoting entrepreneurship, yet many of these programs are isolated initiatives and with limited impact.

**Significant progress has been made in building delivery systems, improving sector effectiveness, transparency and accountability.** A fully functional Management Information System serves as an entry point for intake, registration, and enrollment of beneficiaries in the SP programs and allows interoperability with commercial banks to trigger automatic payments, allowing for timely and reliable payments to beneficiaries and increased transparency in the monitoring and reconciliation of funds. The SIIPS has a social registry with more than 20,000 households registered with a complete set of socioeconomic information.

**Unfortunately, the budget allocation in STP for social protection does not provide sufficient coverage and generosity through the three above-mentioned safety net programs.** In 2020, the country budgeted less than 0.25 percent of the GDP to social protection programs which is well below the African regional average of 1.2 percent of GDP. The social protection program coverage remains low, with current, permanent SP programs covering around 5,500 poor and vulnerable households, accounting for 25 percent of total poor households in the country. In line with this, the VFP has a coverage of 14.1 percent of the targeted population.

### C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

The development objective of the project is to strengthen social protection systems and expand the coverage of social protection programs.

#### Key Results

**The Project Development Objective (PDO) is to *strengthen the social protection system and expand the coverage of social protection programs.*** The strengthening of social protection system is reflected in the institutional capability of DPSSF to implement social protection programs, improving processes of monitoring, targeting and delivery. The improvements in social protection coverage are reflected on the increase of beneficiaries of safety net programs.

**The proposed project addresses the critical challenges described before, and indicators are organized along the core objectives. First, PDO indicators that reflect *strengthening of social protection system* are:**

- Beneficiaries of VFP regular program in the lowest 2 quintiles of the income distribution
- Increased knowledge of DPSSF staff in delivery systems

**Second, PDO indicators of *coverage* are:**

- Beneficiaries of social safety net programs
  - Of which are female
  - Of which received unconditional cash transfers



- Of which received other cash transfers programs

#### D. Project Description

**The project aims to expand the coverage of the social protection system to allow a smooth transition from the COVID-19 emergency response to the recovery phase and between social protection programs.** Component 1 will strengthen operational capabilities of the DPSSF to deliver social protection programs and will support operational and administrative costs. Component 2 will finance (i) the VFP-COVID-19 for six months to mitigate the effects of COVID-19; and (ii) the scale-up the regular VFP to provide expanded support to poor households. Component 3 will finance the fiduciary costs associated to the implementation of the project. Eligible VFP-COVID-19 beneficiaries will be referred to regular SP programs in STP. However, beneficiaries of the VFP-COVID-19 or the regular VFP could transit based on their socioeconomic profile to skills trainings to strengthen their income generation support.

**Component 1. Institutional strengthening of the social protection sector.** This component will strengthen institutional capabilities of DPSSF to deliver social protection programs. Thus, the implementation processes, delivery systems (including targeting, MIS and GRM), monitoring and capabilities of the DPSSF will be strengthened for the implementation of SP programs.

**Component 2. Social assistance programs.** This component aims to scale up the social protection programs to mitigate poverty and protect human capital and economic investments.

This component will support the temporal extension of the VFP-COVID-19 unconditional cash transfer program that provides support to households affected by COVID-19. The program's extension will provide support to 16,000 beneficiaries of the program for additional six months, until the end 2022. Beneficiaries will continuously be receiving a monthly cash transfer value of STD 900.00 (approximately US\$42) using the established payment service provider (a commercial bank). Payments will be done bi-monthly (cash transfer value of US\$84). The exit strategy for beneficiaries of the program includes the referral to other social protection program and skills trainings.

This component will also finance the Vulnerable Families cash plus conditional program that supports poor households that have children from 0 to 18 years old. The proposed project envisions to scale up the VFP from 2,543 to 4,500 households that will receive a cash transfer value of US\$32 per month. Beneficiaries are selected using a sequencing of geographical targeting and the application of the PMT to reduce inclusion errors. This program has the school enrollment of children as conditionality to receive the cash transfer. Program beneficiaries also receive a parental education package that promotes positive family behaviors, nutrition and early development.

**Component 3. Project implementation support.** This component will directly finance the costs associated with the fiduciary management of the project. This component will finance the shared fiduciary staff across Bank-financed projects. This component will co-finance one procurement specialist, one financial management specialist, one account and one social and environmental specialist.

**Component 4. Contingent Emergency Response Component (CERC).** This CERC will allow for rapid reallocation of project proceeds in the event of a natural or man-made disaster or crisis that has caused or is likely to imminently cause a major adverse economic and/or social impact.



Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts

The environment risk rating is classified as Low at this stage of project preparation. No rehabilitation or construction of infrastructure or other actions having an impact on the physical environment will be financed through the project. The main environmental risks will stem from Component 2 and subcomponent 2.1 will finance unconditional and conditional cash transfer to households, in doing so beneficiaries may use the cash for other non-stipulated purposes which can be harmful to environment including forest clearing, resources overharvest, etc. These risks likely to have negligible adverse impacts since the cash transfer is reduced, ranging from US\$ 30 - US\$ 42. Additionally, risks related to COVID-19 exposure are anticipated, particularly through the interaction between beneficiaries at the payment points and also the training center across the country. Considering this risk, the project will mainstream attention to occupational and community health and safety by building on good industry international practice (especially WHO). Moreover, the DPSSF is already implementing COVID-19 mitigation measures for project activities and will continue to implement it, especially during payments to program beneficiaries to keep social distancing. The project will also use Technical Assistance (TA) activities under Component 1 and 3 to strengthening the operational capabilities of DPSSF and provide project implementation support. However, these activities are classified as Type-3 TA (capacity building activities including hiring of specialized consultants and services or conducting training and workshops) which have diffuse and induced impacts, often playing out over a longer term, therefore are not expected to generate significant environmental risks and impacts.

At the current stage of project preparation, the Social Risk Rating for this project is deemed Moderate. The project activities are not expected to produce any large-scale, significant and/or irreversible adverse impacts. While the overall social benefits of the project are expected to be positive, potential negative impacts of the project include: (i) conflicts resulting from targeting and beneficiary selection; (ii) exclusion or self-exclusion of vulnerable population from project benefits; (iii) increased intra-household conflict and gender-based violence, sexual exploitation and abuse and sexual harassment (GBV/SEA/SH) since women will be the recipient of the cash; (iv) potential Occupational Health and Safety (OHS) and Community Health and Safety risks, including exposure to COVID-19.

E. Implementation

Institutional and Implementation Arrangements

**The technical implementing agency will be the MLSFPT with the operational support through the DPSSF, and AFAP will be the fiduciary agency of the project.** The implementation arrangement will follow the same approach as in the Social Protection and Skill Development Project (SPSDP). Since the project will scale up activities already covered by the SPSPD, DPSSF at central and local level will be strengthened by hiring additional



technical support through a technical support unit. The technical support unit will work under the overall guidance of the DPSSF director. The technical implementing agency with the support of the technical unit will be responsible for the preparation of the project annual work plans, implementation of project activities, reporting and monitoring. MLSFPT will be responsible for the implementation of activities under Component 1 and Component 2 of the project.

**Fiduciary activities will be carried out by AFAP.** AFAP is the fiduciary agency that manage the World Bank portfolio in STP. Thus, the fiduciary agency is knowledgeable of the World Bank procedures and standards in FM, procurement and safeguards areas. The project will require additional capacity to manage contracts with the service providers and consultants. AFAP will coordinate closely with the technical implementing agency for the preparation of the procurement processed and annual financial planning.

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## CONTACT POINT

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**APPROVAL**

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