



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 29-Nov-2021 | Report No: PIDC32902



BASIC INFORMATION

A. Basic Project Data

Country Sao Tome and Principe	Project ID P178018	Parent Project ID (if any)	Project Name Social Protection COVID-19 response and recovery (P178018)
Region AFRICA EAST	Estimated Appraisal Date Mar 01, 2022	Estimated Board Date Apr 28, 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 social protection systems and expand the coverage of the social protection programs.

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	12.00
Total Financing	12.00
of which IBRD/IDA	12.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	12.00
IDA Grant	12.00

Environmental and Social Risk Classification

Concept Review Decision



Moderate

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

Other Decision (as needed)

B. Introduction and Context

Country Context

- São Tomé and Príncipe (STP) is a low-middle-income, small-island country that faces challenges typical of small states and has been severely impacted by the COVID-19 pandemic.** The country consists of two main islands in the Gulf of Guinea with a surface area of 1,001 sq. km. STP is a multiparty democracy and a unitary state, and its total population is approximately 200,000 people, with 42.6 percent of the population at or below the age of fourteen. 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.
- In STP, 35 percent of the population are below the national poverty line and 25 percent of the population live on less than US\$1.9 PPP/day (international extreme poverty line).** This severely constrains chronically poor households from investing in nutrition, health and education. The weight of income-based constraints for accessing education is a particular case in point. The most cited reasons for non-attendance in primary school are costs, coupled with the child's need to provide an income for their household¹. With regards to secondary education, "need to work" (20.4 percent) and costs (11.2 percent) were cited. A relatively high percentage of poor households with children in school (18.4 percent) indicated that they had to remove their children from school due to their inability to pay.
- The COVID-19 pandemic has severely affected STP's economy, primarily through losses in the tourism industry.** Adding to the direct impact of the pandemic, STP's economy was hit by a near complete drop in foreign tourist arrivals since March 2020. The tourism industry, which has been a driver of private sector growth in recent years and is responsible for a large share of formal employment, came to a stand-still, resulting in a loss of labor earnings, loss of foreign exchange inflows, and fiscal revenues. In addition, the agricultural sector has been adversely affected by the global supply-chain disruptions. A spike in newly detected COVID-19 cases in May 2020 forced the government to put in place rigorous social distancing measures, and to tighten restrictions on domestic activities that create risks of contagion. These measures further depressed the economic activity, while scarce government capacities and resources had to be redirected to strengthen the overwhelmed health care system.
- In the context of human development, 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 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). In order to cope with these effects, the Government of STP prepared in 2016 the National Adaptation Action Plan on Climate Change (NAPA), identifying a set of adaptation measures by sectors.

¹ Age limits were also cited as important factors.



Sectoral and Institutional Context

5. **The Government of STP is committed to reduce poverty in the country by, among other interventions, 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.
6. **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, covering around 3,000 households; (ii) the Vulnerable Families Program (VFP) currently covering 2,500 households; and (iii) the Labor-Intensive Public Works Program (pending implementation). An additional 16,000 households are covered by the VFP-COVID-19 shock response program. Other programs were created to complement the VFP including the Parental Education Program (PEP) which promotes the development of vulnerable children by providing parents with tools and knowledge, nudge behaviors towards optimal child development, preventing gender and child violence in the home, among others. The country experimented with apprenticeship programs for young people; the country also experimented with programs promoting entrepreneurship yet many of these programs are isolated initiatives and with limited impact.
7. **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 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.
8. **The operationalization of the PENPS has been supported by the World Bank (WB) since 2019 through the Social Protection and Skills Development Project (P163088).** In addition, the WB has provided technical assistance to STP in the social protection sector for the last 5 years with two consecutive trust funds providing technical support to build the basic blocks of the SP system in STP, namely: (i) a beneficiary registry; (ii) a targeting system; and (iii) the redefinition of the core government-financed social assistance programs. As a result of this, the GoSTP (with WB financial support) launched on 2019 the Social Protection and Skills Development Project P163088 (SPSDP) that is supporting: (i) the development of delivery systems for SP programs (MIS including a social registry and payment systems); (ii) supporting the implementation of the VFP and Parental Education Program in all districts of the country and the Autonomous Region of Principe with a total coverage of 2,500 beneficiaries; and (iii) facilitating access of poor individuals to skills development activities. The original scope of the project was augmented to mitigate the socioeconomic effects of the COVID-19 crisis, providing social assistance to 16,000 households. The WB is the main financier of the social protection sector through the allocation of US\$13million over the period of 2019/2021.
9. **The proposed project, would continue to support the GoSTP to expand the coverage of the social protection system to allow a smooth transition from the COVID-19 emergency response to the recovery phase strengthening the transition between social protection programs.** The progress made in the SP sector needs to be further consolidated and expanded to address the critical SP needs in STP that would be supported through the proposed project. First, the current social protection coverage represents a fraction of the planned targets and requires a strategic expansion. The proposed project will support the coverage expansion of the social protection programs and skills trainings. Second, the efforts to reach out more SP beneficiaries would require strengthened operational capacities. Thus, the proposed



project will support the strengthening of the operational and managerial capacities, updating the beneficiary targeting and the SIIPS. Third, STP faces a range of natural risks where SP has to play a key role. The proposed project will strengthen the operation role of the social protection sector in emergency and disaster context.

Relationship to CPF

10. **The proposed project is aligned with the World Bank Group Country Partnership Strategy (Report No. 83144-ST) for STP for FY14-18 extended by a Performance and Learning Review of the Country Partnership Strategy until FY20 (Report No. 112944-STP).** The proposed project is expected to support Theme 2 “strengthening human capital and reducing vulnerability” Outcome 6 is devoted to improve poverty targeting and access to social safety nets for vulnerable groups. The proposed project will also contribute directly to Priority 3 of the Strategic Country Diagnostic 2021 which is specially related to realizing individual potential and building human capital through the inclusion of women and youth. The proposed project would scale up the coverage of the VFP and the skills training that will enhance the human capital and economic inclusion of vulnerable households and specially among women. Specifically, it would support Outcome 6 and Priority 3 by: (i) expanding the coverage of the cash transfer program that prioritize households headed by females and with children; (ii) strengthening the delivery systems of the social protection programs and the targeting systems of the social protection programs; and (iii) increasing access to skills trainings to social protection beneficiaries giving priority to women to participate in the professional training activities.

C. Proposed Development Objective(s)

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

Key Results (From PCN)

12. **The key results of the proposed project will focus on social protection coverage and promotion of skills trainings:**

Coverage expansion

- Beneficiaries benefiting from the COVID-19 social protection response program (Number)
- Increased coverage of poor families benefiting from the Vulnerable Families Program (Number)
- Women benefiting from the Vulnerable Families Program (Percentage)

Promotion of skills trainings

- Increased number of social protection beneficiaries participating in skills trainings (Number)
- Women benefiting from skills trainings (Percentage)

D. Concept Description

Component 1. Institutional strengthening of the social protection sector

13. **This component aims to address critical institutional needs for implementation of the social protection activities.** This component will strengthen institutional capabilities to deliver social protection programs. Thus, the implementation processes, delivery systems, monitoring and capabilities of the DPSSF will be strengthen for the implementation of SP programs. This component will also finance administrative and operational cost of project implementation such as hiring a payment service provider.



Component 2. Social assistance for human capital development and economic inclusion

14. 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 and the coverage expansion of the regular VFP and skills trainings. These programs have been supported and implemented successfully through the SPSDP.

Sub-component 2.1. Socio Economic Resilience Program for COVID-19 response

15. This subcomponent will support the temporal extension of the VFP-COVID-19 program. This unconditional cash transfer program provides support directly and indirectly to households affected by COVID-19 to ensure food consumption stabilization. This sub-component will finance the temporal extension of the program to provide support to the current 16,000 beneficiaries of the program for additional six months, until the end 2022.

Sub-component 2.2. Vulnerable Families Program

16. This sub-component will expand and strengthen the current Vulnerable Families Program as entry point for poverty mitigation and support human capital formation. The VFP is a 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 2,500 to 3,000/3,500 households. The successful implementation of the VFP and the need to provide expanded relief efforts and a smooth transition from emergency to recovery/resilience after the COVID-19 crisis has motivated the GoSTP to scale up the program in areas that are already covered by the project (six districts and the autonomous region of Principe). The expansion of the program after the emergency response would serve as a measure to mitigate poverty and enhance the human capital by avoiding school dropouts.

Sub-component 2.3 Skills trainings opportunities for SP beneficiaries

17. This sub-component will support the scale up of activities to enhance economic autonomy of vulnerable households, especially among female-headed households in the context of economic recovery from COVID-19. The proposed project envisions to expand the supply side of the skills trainings to beneficiaries on both: (i) number of centers to deliver the skills trainings activities; and (ii) number of skills trainings to be selected.

Component 3. Project implementation support

18. This component will directly finance the costs associated with the fiduciary management (FM) of the project. Per the agreement with the Ministry of Planning, Finance and Blue Economy, all technical aspects of World Bank-financed projects are to be handled by the respective ministries while all fiduciary aspects are to be handled by the Fiduciary Agency for Project Administration (AFAP). 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. AFAP will have a close coordination with the MLSFPT technical team regarding fiduciary aspects.

Component 4. Contingent Emergency Response Component (CERC, Zero allocation)

19. This CERC is included under the project in accordance with Bank Policy Investment Project Financing, paragraphs 12 and 13, for situations of urgent need of assistance. This 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 Screening of Environmental and Social Risks and Impacts

20. 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 which 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.
21. 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
22. 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.

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APPROVAL

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