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Report No: PAD3495

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF US\$20 MILLION

TO

SAINT LUCIA

FOR A

HUMAN CAPITAL RESILIENCE PROJECT

February 18, 2020

Education Global Practice
Latin America and Caribbean Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective January 31, 2020)

Currency Unit = XCD

XC\$2.70 = US\$1

US\$1.38 = SDR 1

FISCAL YEAR

April 1 – March 31

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ABBREVIATIONS AND ACRONYMS

BMIS	Beneficiary Operations Management Information System
CARE	Centre for Adolescent Renewal and Education
CARICOM	Caribbean Community
CDB	Caribbean Development Bank
CQS	Consultants' Qualifications Selection
CRI	Corporate Result Indicator
CSEC	Caribbean Secondary Education Certificate
CSO	Central Statistics Office
CVQ	Caribbean Vocational Qualification
DFATD	Department of Foreign Affairs Trade and Development (Canada)
DLI	Disbursement-Linked Indicators
DLR	Disbursement-Linked Results
DOA	Department of Audit
ECD	Early Childhood Development
ESRC	Environmental and Social Risks Classification
ECCB	Eastern Caribbean Central Bank
EEP	Eligible Expenditure Program
EU	European Union
FM	Financial Management
GDP	Gross Domestic Product
GITS	Government Information and Technology Services
GRM	Grievance and Redress Mechanism
GRS	Grievance Redress Service
IC	Individual Consultant
ICR	Implementation Completion and Results Report
ICT	National Information Communications and Technology Office
IEC	Information and Education Campaign
IEG	Independent Evaluation Group
IFR	Interim Financial Reports
IRI	Intermediate Results Indicators
IRR	Internal Rate of Return
ISCED	International Standard Classification of Education
ISR	Implementation Status and Results Report
ISR	Integrated Social Registry
IT	Information Technology
KSL	Koudmein Ste Lucie
LMP	Labour Management Procedure
M&E	Monitoring and Evaluation
MICS	Multiple Indicator Cluster Survey
MIS	Management Information System
MoE	Ministry of Education, Innovation, Gender Relations and Sustainable Development
MoEQ	Ministry of Equity, Social Justice, Local Government and Empowerment
MoL	Ministry of Labor
NELP	National Enrichment and Learning Programme
NPV	Net Present Value
NSDC	National Skills Development Corporation

NVQ	National Vocational Qualification
OECS	Organization of Eastern Caribbean States
OM	Operational Manual
PAP	Public Assistance Program
PCU	Project Coordination Unit
PDO	Project Development Objective
PIU	Project Implementation Unit
PMT	Proxy Means Test
PS	Permanent Secretary
QCBS	Quality and Cost-Based Selection
QER	Quality Enhancement Review
RMS	Results Measurement System
RPS	Regional Partnership Strategy
SDGs	Sustainable Development Goals
SEP	Social Engagement Plan
SIS	Social Information System
SL-NET	Saint Lucia National Eligibility Test
SP	Social Protection
SSN	Social Safety Net
STEP	Systematic Tracking of Exchanges in Procurement
TOR	Terms of Reference
TVET	Technical and Vocational Education and Training
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations International Children's Emergency Fund
WB	World Bank
WDR	World Development Report



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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name	
St. Lucia	Saint Lucia Human Capital Resilience Project	
Project ID	Financing Instrument	Environmental and Social Risk Classification
P170445	Investment Project Financing	Moderate

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input checked="" type="checkbox"/> Disbursement-linked Indicators (DLIs)	<input checked="" type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	

Expected Approval Date	Expected Closing Date
10-Mar-2020	30-Apr-2025

Bank/IFC Collaboration

No

Proposed Development Objective(s)

The objectives of the Project are: (a) to improve the labor market relevance of skills in selected sectors; and (b) to increase efficiency and coverage of the social protection system in Saint Lucia.



Components

Component Name	Cost (US\$, millions)
Strengthening Technical and Vocational Education and Training (TVET)	8.00
Strengthening the Social Protection System	7.50
Technical Assistance, Capacity Building, TVET Equipment and Furniture, and Project Management	4.50

Organizations

Borrower:	Saint Lucia
Implementing Agency:	Ministry of Education, Innovation, Gender Relations and Sustainable Development Ministry for Equity, Social Justice, Local Government and Empowerment

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	20.00
Total Financing	20.00
of which IBRD/IDA	20.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	20.00
IDA Credit	20.00

IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	Guarantee Amount	Total Amount
St. Lucia	20.00	0.00	0.00	20.00
National PBA	20.00	0.00	0.00	20.00



Total	20.00	0.00	0.00	0.00	20.00		
Expected Disbursements (in US\$, Millions)							
WB Fiscal Year		2020	2021	2022	2023	2024	2025
Annual		0.00	1.73	2.68	4.99	7.64	2.96
Cumulative		0.00	1.73	4.41	9.40	17.04	20.00

INSTITUTIONAL DATA

Practice Area (Lead)

Education

Contributing Practice Areas

Social Protection & Jobs

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● Moderate
2. Macroeconomic	● Moderate
3. Sector Strategies and Policies	● Moderate
4. Technical Design of Project or Program	● Substantial
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Substantial
7. Environment and Social	● Moderate
8. Stakeholders	● Moderate
9. Other	● Moderate
10. Overall	● Moderate



COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any waivers of Bank policies?

Yes No

Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Not Currently Relevant
Community Health and Safety	Not Currently Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
Cultural Heritage	Not Currently Relevant
Financial Intermediaries	Not Currently Relevant

NOTE: For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

Legal Covenants

Sections and Description

The Recipient shall carry out the Project in accordance with the Implementation Arrangements set out in Section I,



Schedule 2 of the Financing Agreement.

Sections and Description

Schedule 2, Section I.A.1 (c) (i) The Recipient shall ensure that the Project Manager, the finance officer and the procurement officer for the PIU are hired. No later than one month after the Effective Date

Sections and Description

Schedule 2, Section I.A.1 (c) (ii) The Recipient shall ensure that the technical coordinator, the monitoring and evaluation officer and the environmental and social specialist(s) for the PIU are hired. No later than three months after the Effective Date

Sections and Description

Schedule 2, Section I.A.2. The Recipient shall establish and maintain an intragovernmental Steering Committee with composition and functions acceptable to the Association and described in the Operational Manual. Establish no later than one month after the Effective Date and maintain throughout Project implementation.

Sections and Description

Schedule 2, Section I.C. The Recipient shall ensure that the Verification Agent shall: (a) verify the evidence for the achievement of Scalable DLR(s) and recommend payments to be made as applicable in accordance with the Verification Protocol; and (b) submit to MoE the corresponding verification reports. Ongoing throughout Project implementation

Conditions

Type	Description
Disbursement	Schedule 2, Section III.B.1 (b) of the FA. No withdrawal shall be made for payments under Categories (1) and (2) with respect to each DLR, as set forth in Schedule 4 of the FA, unless the following is submitted in addition to the withdrawal request: (i) evidence of the EEPs incurred; and (ii) supporting documentation confirming the achievement of the respective DLR(s).



I. STRATEGIC CONTEXT

A. Country Context

- Saint Lucia is a small island state and an upper-middle income country in the Caribbean.** Saint Lucia has a population of 180,000 and a Gross National Income (GNI) per capita of US\$9,460 as of 2018. Like the other national economies in the Organization of Eastern Caribbean States (OECS), Saint Lucia's economy has limited diversity. Tourism contributed an estimated 40 percent of Gross Domestic Product (GDP) and 47 percent of employment in 2016 through direct, indirect, and induced contributions. These figures are projected to increase, reaching over 50 percent of GDP and 60 percent of jobs by 2027. Agriculture, construction, and small-scale manufacturing are Saint Lucia's other leading sectors for production and employment.
- Small island states are also characterized by limited human capital, an important challenge in Saint Lucia.** Limited provision of quality, labor market-relevant education and skills has contributed to unemployment, which increased from 13.2 percent to 23.3 percent from 2006 to 2016. Female and youth unemployment increased, respectively, from 15.5 to 25.9 percent and from 31.7 to 47.4 percent. Among the employed, 57 percent earn less than EC\$1,500 (US\$555) per month, while 46 percent of the population is classified as not having decent work. A large share of employment is in the informal sector, mainly in micro and small businesses. The small size of the education and training system, combined with limited expertise and capacity to deliver the skills required by employers, constrains the system's ability to respond to these challenges.
- In addition, countries in the Caribbean, including the OECS member states, are uniquely vulnerable to external natural disaster shocks.** Saint Lucia's susceptibility to external shocks was most evident in the late 2000s, with global food and oil price increases, the global financial crisis, and the impact of Hurricane Tomas in 2010. Losses from the hurricane were estimated at US\$336.2 million or 43.4 percent of GDP. Projected climate change impacts in Saint Lucia include increases in the frequency, intensity, and impacts of extreme weather events and sea level rise. This particularly impacts economic activity (including tourism) as population centers are located along the coast.
- Children, youth and female-headed households remain particularly vulnerable despite the decline in poverty rates over the past years.** Based on the most recent survey data, the poverty level fell from 28.8 percent in 2006 to 25 percent in 2016, representing about 45,000 people. This decline was more pronounced in the rural areas, with a reduction in poverty levels from 41 to 32.9 percent. Child and youth poverty rates remained comparatively high in 2016, at 34.5 and 32.1 percent, respectively. The child poverty rate is 41.2 percent in female-headed households, compared to 29 percent in male-headed households. Moreover, although 42 percent of the population lives in female-headed households in Saint Lucia, these represent 52 percent of the poor population. Female-headed households with children under 5 are the most vulnerable, according to the 2016 Survey of Living Conditions and Household Budget Survey.
- To address poverty, vulnerability to shocks, and youth unemployment, the Government of Saint Lucia is pursuing a two-pronged strategy to support greater human capital and resilience.** The strategy includes provision of more and higher-quality vocational, academic, and socio-emotional skills,



particularly for youth; and increasing the efficiency and coverage of the Social Protection (SP) system by, *inter alia*, enhancing targeting to identify eligible individuals for social benefits, expanding social safety nets, and developing a social information system to improve coordination among programs. The enhancement of skills and the increased efficiency and coverage of the SP system will contribute to the human capital and resilience of vulnerable groups by increasing employability and adaptability while minimizing the adverse effects of shocks on human development outcomes.¹

6. **The Government’s strategy to support greater human capital and resilience can have a potentially large impact while taking into consideration the broader macro-fiscal context.** While operating in small island states carries challenges of small scale and low capacity (despite middle-income status), it also offers opportunities to achieve a large impact on critical outcomes. It is possible, at a reasonable fiscal cost, to substantially increase the number of the beneficiaries of the main safety net program while improving efficiency of targeting. Similarly, by focusing efforts in a few well-selected sectors, increased technical skills can potentially have a large pay-off on employability. At the same time, the Government is working to enhance its fiscal sustainability by introducing a fiscal responsibility framework consistent with the medium-term goal of a 60 percent debt to GDP ratio by 2030.

B. Sectoral and Institutional Context

7. **Poverty, vulnerability, and unemployment reduction have been constrained by the lack of skills in Saint Lucia’s population and challenges in the SP system.** Youth employment has particularly suffered from the lack of skills that are aligned with labor market needs. Similarly, poverty and vulnerability reduction have been constrained by the limited efficiency and coverage of the SP system.

8. **A key driver of high unemployment is the mismatch between the skills of Saint Lucia’s workforce and labor market needs, with evidence of significant shortages of technical skills.** While macroeconomic factors such as Saint Lucia’s slow recovery and the small size and limited diversification of the economy affect the overall availability of jobs, employers have cited an inadequately prepared workforce as a major obstacle to employment in enterprise surveys. Despite the availability of job seekers in the labor market, key sectors, including construction and tourism, rely on permits from the Ministry of Labor (MoL) to employ foreign workers. According to the latest Saint Lucia Labor Market Needs Assessment in 2012, 60 percent of job seekers held qualifications below the secondary level, while 75 percent of job openings required a secondary education or higher qualification levels. There is also evidence of skills shortages in the public sector: for example, of the 450 early childhood practitioners nationwide, only 50 have a minimum qualification in the field, Caribbean Vocational Qualification (CVQ) Level 1.² Authorities believe that skills shortages also affect the informal sector, though no up-to-date assessment of sector needs exists. Employers also report relatively poor socio-emotional or “soft” skills among the population. According to the final report of the Saint Lucia Social and Economic Labs convened by the office of the

¹ Some beneficiaries of the social protection programs, including unemployed and inactive youth, will also be provided with a direct path to self-reliance through access to skills e. g. Technical and Vocational Education and Training (TVET).

² CVQs are system of TVET qualifications approved by CARICOM and administered through the Caribbean Association of National Training Agencies (CANTA) and the National Training Agencies (NTAs) in each country. They are aligned with the regional qualifications framework and recognized throughout CARICOM countries to promote labor mobility. Each NTA awards CVQs based on the candidate’s demonstration of competence in occupational standards developed by practitioners and employers, using assessors from the relevant industry. The TVET Council is the CARICOM-recognized NTA for Saint Lucia.



Prime Minister in October-December 2018, participating employers cited professionalism, customer service, conflict resolution, and communication skills as top skills needed.

9. **The basic education system has not fully prepared the population for further education or the labor market.** Universal access to fee-free secondary education was achieved only in 2006, contributing to the stock of unemployed adults with less than a secondary education. Weakness in learning outcomes is also a concern: only 39 percent of secondary school students achieved the minimum five subject passes in the Caribbean Secondary Education Certificate (CSEC) required for tertiary education in 2017. The Government is pursuing reforms to improve learning outcomes in basic education, including through the Global Partnership for Education (GPE)-financed project *Support to the OECS Education Strategy* (P158836). At the same time, technical and vocational education and training (TVET) must cater to learners with a variety of backgrounds, from adults detached from the labor market with less than a secondary education to current students who need alternatives to general secondary or tertiary education that will prepare them for employment. In the context of a small island state with relatively low capacity, combined with a limited number of education and training institutions, meeting these varied needs is a significant challenge.

10. **The supply of labor market-relevant TVET qualifications is limited and inefficiently distributed.** Of the EC\$184 million (US\$68 million) of government expenditure on education in Fiscal Year 2018/19, approximately EC\$20 million (US\$7.4 million) is attributable to post-secondary TVET and tertiary education, with a portion of the EC\$73 million (US\$27 million) for secondary education supporting TVET at that level. Provision of TVET in Saint Lucia is predominantly through 22 secondary schools, two post-secondary institutions (Vieux Fort Post-Secondary Department and Sir Arthur Lewis Community College), and two skills training institutions catering to out-of-school youth and adults (National Skills Development Corporation (NSDC), and the National Enrichment and Learning Programme (NELP). The National Apprenticeship Program (NAP) offers classroom-based and on-the-job training primarily in the hospitality sector. There is also one private skills training institution, the Centre for Adolescent Renewal and Education (CARE), and five small private postsecondary institutions. At the postsecondary level, only 42 percent of applications to CVQ courses are accepted due to limited capacity. Moreover, nearly all CVQ programs are at levels 1-2 on the Caribbean Community's (CARICOM) five-level scale, while levels 3-5 – equivalent to an “independent/specialized worker” up to managerial worker – are often required to secure meaningful employment or to pursue further education. Only 9 of 22 secondary schools on the island offer CVQs. There is, however, evidence of high levels of student interest in vocational fields: 51 percent of secondary school students were tested in at least one TVET subject in the 2017 CSEC exams.³ Even among those that do offer CVQs, the subjects provided are based on convenience and the initiative of principals and teachers, not necessarily on their potential value to students for future employment, requiring an urgent rationalization. TVET teachers, especially those in secondary schools, often lack up-to-date industry experience and the skills required to deliver competency-based instruction.

11. **The existing TVET system also reinforces inequality.** While data on access to TVET qualifications by socioeconomic status are not available, the cost of certification (typically US\$150-300 for CVQs) is reportedly a barrier to lower-income trainees. A substantial majority of TVET participants are female, due in part to extreme gender polarization within most TVET fields and higher enrollment in stereotypically

³ CSEC subject tests are written examinations, whereas CVQs are based on demonstration of competency administered by an industry-based assessor.



"female" fields, which tend to command lower wages than in stereotypically "male" fields.⁴ Finally, Saint Lucia has five separate schools for children identified as having disabilities or special needs, but none offer CVQs, depriving these students of opportunities to develop skills that could help them enter the workforce and attain greater self-sufficiency.

12. **A weak enabling environment, including the lack of labor market and skills data, has contributed to under-provision of quality, market-relevant TVET.** Saint Lucia lacks a well-developed system for delivering labor market-relevant programs and responding to the needs of employers and job seekers in a coherent way. There has been no labor market needs assessment since 2012 to provide reliable data to guide TVET offerings, and even this outdated diagnostic lacks information on the socio-emotional skills required by employers.

13. **The TVET Council has a mandate to coordinate with the private sector but is not fulfilling its role adequately.** The TVET Council was established by the Ministry of Education, Innovation, Gender Relations and Sustainable Development (MoE) to coordinate with the private sector and is authorized by CARICOM as the sole awardee of CVQs on the island. The Council's main role is to coordinate training offerings on the island with input from employers and to award CVQs based on the candidates' demonstration of competence in CARICOM occupational standards, using assessors from the relevant industry. However, the Council currently falls short in fulfilling its leadership role in the sector due to a combination of interrelated factors: a lack of human resources; limited visibility and credibility among key actors, especially in the private sector; and poorly developed accountability channels upward to MoE and downward to training institutions. Linkages between the TVET system and job opportunities for students, including internships and initial job placements, are limited and ad-hoc, also constraining the labor market relevance of skills and school to work transition.

14. **The MoE is committed to reforming the TVET system.** A key priority identified by the Saint Lucia Social and Economic Labs, which were convened by the Office of the Prime Minister from October-December 2018 and included participation from government and the private sector, was to increase student enrollment in TVET programs. The Saint Lucia National Technical and Vocational Education and Training (TVET) Policy and Strategy 2019-2025 states clearly the government's commitment and strategy to transform the current system to a demand-driven, equitable system that both meets the needs of industry and provides opportunities for all.

15. **Poverty and vulnerability reduction have been hampered by the limited efficiency and modest coverage of the SP system.** The main weaknesses of the SP system are: (i) inefficient targeting mechanisms to select beneficiaries of social programs; (ii) low coverage levels of the Public Assistance Program (PAP), Saint Lucia's main cash transfer program; (iii) an outdated SP policy framework and fragmented system; and (iv) rudimentary processes and delivery systems. As a result of these weaknesses, Saint Lucia's SP system is inefficient and lacks inclusiveness, hindering its ability to protect the poor, promote human capital development, and build resilience against shocks.

⁴ At NELP, the largest skills training provider, 83 percent of learners were female in 2016/17, and the top three fields were cake decorating, garment construction, pastry making, all of which exceed 95 percent female enrollment. Smaller programs in electrical installation, plumbing, and tiling each had majority male enrollment. Similarly at NSDC, 79 percent of learners were female in 2016/17, and three of the top five fields (office administration, housekeeping, and hair design) had no enrollment of males at all.



16. **The targeting mechanism used to select beneficiaries of the social assistance programs, Saint Lucia National Eligibility Test 2.0 (SL-NET 2.0), generates significant inclusion and exclusion errors.** Diaz (2018) shows that applying SL-NET 2.0 to the 2016 Survey of Living Conditions and Household Budget Survey resulted in less than one percent of the population being identified as poor, compared to the observed poverty rate of 25 percent. The mismatch between predicted and observed poverty status leads to the ineligibility of the vast majority of poor households for the main social programs. Moreover, this study also shows that 60 percent of the very limited number of people identified as poor with SL-NET 2.0 were actually non-poor, resulting in wasted resources.⁵

17. **Overall spending on Social Safety Nets (SSN) and coverage of PAP is low.** Compared to 18 selected countries from Latin America and the Caribbean, Saint Lucia's spending on social transfers was second to lowest, at 0.48 percent of the GDP, only above Guatemala (World Bank, 2018), and low even when compared exclusively with countries from the Caribbean.⁶ While there are multiple social assistance programs and benefits,⁷ programs are small, and even the flagship cash transfer program PAP has limited coverage. In 2016, the poverty headcount ratio was 25 percent, yet PAP's coverage was only 1.9 percent of the population and approximately 7.6 percent of its poor population (assuming perfect targeting). Coverage of social assistance programs in Saint Lucia is also low by Caribbean standards, with lower coverage than Saint Vincent and the Grenadines, Grenada and Barbados, among others (as measured by percentage of total population and as percentage of poor population). Although the Government of Saint Lucia is making efforts to enhance its fiscal sustainability, expanding PAP's coverage could have a significant positive impact on the poor,⁸ increasing their human capital development, resilience, and consumption, and therefore reducing poverty, at a relatively moderate fiscal cost.

18. **The SP policy framework lacks key elements, resulting in systemic gaps.** Although essential to reducing poverty in the context of high vulnerability to shocks,⁹ the current SP Policy does not include an explicit adaptive SP approach.¹⁰ Moreover, the SP system lacks a strategy to link the poor with complementary interventions, such as TVET, that could help them increase their human capital and connect them to enabling services and jobs. This strategy to move towards an integrated SP system is needed to tackle high poverty and unemployment levels and is especially important for individuals who could be productive in the labor market.

⁵ One partial explanation for SL-NET 2.0's low predicting power is the aging of the underlying data used to develop the targeting tool (data from 2005-6). With technical assistance from the WB, Saint Lucia's Government has updated the targeting model to SL-NET 3.0, approved by Cabinet on August 12, 2019, and will begin implementation in 2020.

⁶ Grenada (1.98 percent of GDP), Saint Vincent and the Grenadines (1.70), and the Dominican Republic (1.18) (World Bank, 2019).

⁷ Some of the most important SSN programs managed by the Ministry of Equity are: PAP, Koudmen Ste Lisi (KSL), Child Disability Grant, Holistic Opportunities for Personal Empowerment (HOPE), and community after school program. Other ministries, such as the MoE, also implement social assistance programs such as school feeding, school transportation and student welfare assistance. The most recent mapping of programs registered 41 programs, including social assistance and social insurance programs, as well as subsidies provided by the central government (World Bank, 2015).

⁸ Multiple impact evaluations in different country contexts have demonstrated that well-implemented cash transfers can increase human capital, resilience, consumption and significantly reduce poverty (Grosh et al, 2008; Haushofer and Shapiro, 2016; de Souza et al, 2019).

⁹ An updated SP Policy could serve as input to revise legislation such as the Public Assistance Act, enacted in 1967 and last updated in 2001.

¹⁰ An adaptive SP approach focuses on increasing assets and income and livelihood diversification, coordination with disaster risk management agencies, and incorporating exposure and vulnerability to hazards and climate-related risks as part of the social information system (e.g. geo-referenced information and quality of housing materials), among other elements.



19. **While Saint Lucia provides a range of social programs and benefits, the SP system is fragmented, lacks clear and updated procedures, and uses rudimentary delivery systems, leading to inefficiencies.** These inefficiencies include programs and benefits operating in silos, with limited coordination, which is costly for both potential and actual beneficiaries and program administrators. Other inefficiencies include a lack of clear processes (i.e. grievance and redress mechanisms, which are mostly absent), unnecessary or duplicative procedures, and *ad-hoc* criteria used to perform tasks that could be standardized. The lack of a social information system results in potential errors, manually performed tasks that could be automatized, and missed opportunities to exploit valuable data to inform policymaking. This hampers the opportunity to connect potential beneficiaries with benefits and services provided by the Ministry of Equity, Social Justice, Local Government and Empowerment (MoEQ) and other ministries such as Health and Education.

20. **The MoEQ is committed to increasing the efficiency and coverage of the SP system to reduce poverty through improved equity, human capital, and resilience.** Key to achieving this goal is improving the targeting of social programs, enhancing the SP policy framework to better address fragmentation and promote an adaptive approach, scaling up of Saint Lucia's main cash transfer program (PAP), and modernizing procedures and delivery systems, including outreach, intake, registration, and management of beneficiary registry, among others.

C. Relevance to Higher Level Objectives

21. **The proposed Project contributes to the World Bank Group's twin goals of eradicating extreme poverty and promoting shared prosperity and is aligned with the Bank's Social Protection and Labor Strategy 2012-2022 (SPL Strategy 2012-22).** The Project contributes to the Bank's goals by facilitating human development outcomes and increasing equity and resilience through quality TVET education and strengthened SP systems. It is aligned with the SPL Strategy 2012-22 by moving from a fragmented to an integrated approach, focusing on a multisectoral approach to increase human capital and resilience, and to improve vulnerable people's access to opportunities.

22. **The proposed Project is consistent with the Bank's Organization of Eastern Caribbean States (OECS) Regional Partnership Strategy (RPS) FY2015-2019 (Report No. 85156) discussed by the Board of Executive Directors on November 13, 2014 and extended through Fiscal Year 20 on April 30, 2018.** The RPS aims to support sustainable inclusive growth through three areas of engagement: (i) competitiveness, (ii) public sector modernization, and (iii) resilience. The proposed Project is the key building block for the resilience area, and in particular outcomes 6 and 7 which are related, respectively, to improving targeting and reducing fragmentation of the SP system, and the establishment of quality education standards. In the longer term, the Project will also support outcome 9, increasing capacity to manage natural hazards including those stemming from climate change, through skills training relevant to this outcome and adaptive social protection.

23. **The proposed Project also contributes to Saint Lucia's Medium-Term Development Strategy (MTDS) 2019-2022.** Education is one of the six pillars of the MTDS, with "promotion of post-secondary TVET" as a key objective. In alignment with the MTDS, education was one of six key results areas for the Saint Lucia Social and Economic Labs in 2018, which identified expansion of quality TVET as the top priority.



II. PROJECT DESCRIPTION

A. Project Development Objective

PDO Statement

The objectives of the Project are: (a) to improve the labor market relevance of skills in selected sectors¹¹; and (b) to increase the efficiency and coverage of the social protection system in Saint Lucia.

PDO Level Indicators

- (a) PDO Indicator 1 (linked to DLI3): Number of persons gaining enhanced TVET qualification, cumulative since project effectiveness. The indicator will be disaggregated by recipient gender, students at special needs schools, and members of PAP beneficiary households.¹²
- (b) PDO Indicator 2 (linked to DLI5): Number of PAP beneficiaries identified as poor based on revised targeting tool (disaggregated by gender).¹³

B. Project Components

24. **The proposed Project aims to strengthen the resilience of Saint Lucia's population with a two-pronged approach to strengthening human capital.** The TVET component will focus on the promotion of more and higher quality technical and socio-emotional skills and the transformation of the TVET sector from a supply-driven system to a demand-driven system that responds to changing labor market conditions. The SP component will concentrate on strengthening the SP policy framework, increasing the coverage of the main cash transfer program, PAP, and improving the implementation of flagship social programs. These components are integrated in several ways. The SP system will provide support for poor and vulnerable persons to access TVET, and TVET is in turn an important tool to help SP program recipients graduate from poverty by developing skills that will enable labor market entry. The information technology activities in the Project will also be coordinated to ensure interoperability of databases.

25. **The choice of instrument was carefully considered.** The options considered included Program for Results (PforR), Development Policy Financing (DPF), traditional Investment Project Financing (IPF), and IPF with Disbursement-Linked Indicators (IPF with DLIs). While PforR is amenable to the results orientation of the Project, it requires the existence of an overall government program in the area of engagement as well as country fiduciary systems that can respond to the requirements of the instrument. Despite the advantages of PforR, it was determined that the timing is not yet right for this instrument, though the

¹¹ Selected sectors means sectors identified as having skills shortages in the labor market needs assessment and/or being strategic priorities identified by MoE in collaboration with the TVET Council, as set forth in the Operational Manual.

¹² "Enhanced TVET qualification" consists of (i) a recognized and competency-based skills qualification (e.g. CVQ) in a selected sector, i.e. an economic sector identified as a priority through a labor market needs assessment or by MoE in collaboration with the TVET Council; and (ii) supplemental entrepreneurship and/or employability training, if not already included in the technical credential.

¹³ This indicator measures coverage of the main social assistance program and incorporates an efficiency consideration by focusing on the beneficiaries identified as poor by the revised targeting tool.



World Bank is sequencing operations toward a future PforR through this engagement and will conduct a Fiduciary Systems Assessment to determine what additional fiduciary capacity building could be incorporated into this Project. In addition, in the context of time constraints in the current IDA round, the absence of an existing overall government program would have introduced delays. DPF was also considered amenable to the policy reforms under the Project, but at this stage a budget support operation would be premature given the fiscal reforms underway. Traditional IPF was also considered, but not adopted, because it lacks the results-based features to incentivize key reforms which have little or no financial cost, but require policy focus and mobilization. IPF with DLIs combines the features of results-based and investment financing in a manner that is advantageous to the Project objectives and is well matched to the fiscal environment and fiduciary capacity of the country. The selected instrument will incentivize and help sequence the passage of key policy reforms required to ensure the effectiveness of expanded TVET and safety net services.

Component 1: Strengthening Technical and Vocational Education and Training (TVET) (US\$8 million)

26. Component 1 aims to strengthen the TVET system to increase provision of labor market-relevant skills. It will do so by implementing a strengthened enabling environment for TVET, rationalizing existing courses and supporting new TVET offerings, supporting the professional development of TVET trainers, providing financial assistance to low-income students, and supporting sponsored internships and job placements in the private sector. The eligible expenditures include (1) secondary and special needs school teacher salaries; (2) TVET institutions' instructor salaries; (3) salaries of TVET Council secretariat staff; (4) training¹⁴; (5) consulting and non-consulting services for the carrying out of periodic labor market needs assessments; and (6) stipends¹⁵. The expenditures on salaries are justified by the need to hire new, and re-skill existing teachers and trainers to provide the enhanced TVET qualifications under the Project. Annex 1 includes detailed information on eligible expenditures. These activities will be enhanced with technical assistance and procurement of TVET equipment and furniture under Component 3. Component 1 is composed of two subcomponents:

27. **Subcomponent 1.1: Strengthened enabling environment for TVET (US\$2 million in DLIs).** This subcomponent is associated with DLI 1 and will help build Saint Lucia's system for delivery of labor market-relevant TVET. It will do so through the: (i) carrying out of periodic labor market needs assessments; (ii) support to the implementation of the TVET Policy and Strategy; (iii) implementation of strategies to increase inclusivity; (iv) strengthening linkages between TVET and industry internships and job placements; and (v) development of a resource mobilization strategy to ensure sustainable financing of the TVET sector. A periodic labor market needs assessment will be established to gauge private, public, and informal sector needs for technical and non-technical (e.g. socio-emotional) skills. The subcomponent will support the implementation of the TVET Policy and Strategy, including human resourcing of the TVET Council as per the Policy, development of more systematic mechanisms for creating new programs relevant to labor market needs, and enhancements in public accountability for results. It will also support measures to increase gender inclusivity and inclusion of persons with disabilities across the TVET sector,

¹⁴ "Training" includes (i) compensation for instructors' and trainers' trainers (other than salaries, consulting services and non-consulting services); (ii) transportation costs and per diem of trainers and trainees; (iii) tuition; (iv) assessment and certification fees of CVQs, NVQs, or equivalent qualification, (v) training materials and supplies, and (vi) rental of training facilities and equipment.

¹⁵ "Stipends" means the monetary support provided under the Project to selected students to access TVET and for internships and job placements, all in accordance with the eligibility criteria and other requirements set forth in the Operational Manual.



including public awareness campaigns and training for instructors. The system for developing and matching students with on-the-job opportunities, including industry internships and initial job placements, will be rationalized and enhanced. Finally, a resource mobilization strategy will be developed to ensure sustainable financing of the TVET sector.

28. **Subcomponent 1.2: Improved TVET offerings** (US\$6 million in DLIs). This subcomponent is associated with DLIs 2 and 3 and will expand access to labor market-relevant TVET offerings at secondary schools, special needs schools, postsecondary institutions, and skills training institutions. It will do so through the: (i) rationalization of existing TVET programs; (ii) professional development for TVET trainers; (iii) development of new TVET offerings; and (iv) (a) support for students undertaking industry internships and job placements, through stipends; and (b) support to lower-income students to access TVET, through the financing of tuition, certification costs, and stipends. First, the subcomponent will improve TVET offerings through the rationalization of programs informed by the initial labor market needs assessment.¹⁶ Second, it will support professional development for TVET trainers, including a trainer immersion program in partnership with employers, which will help improve industry knowledge and potentially re-skill trainers for higher-priority areas. Third, new TVET offerings - including higher-level CVQs¹⁷ – will be developed in selected sectors identified as having skills shortages in the labor market needs assessment and/or being strategic priorities identified by MoE in consultations with the TVET Council. Finally, this subcomponent will provide financial assistance for stipends, tuition, and certification costs for lower-income students, and internships, and job placements for a minimum of three months with an employer for selected students. Additional forms of support – including transport and child care subsidies – may be offered to social safety net program participants through Component 2. New and existing TVET offerings will be enhanced with supplemental modules on socio-emotional skills (including life skills and entrepreneurship skills), and on climate change as relevant to each field, to enhance the flexibility of trainees' skill sets.

Component 2: Strengthening the Social Protection System (US\$7.5 million)

29. Component 2 aims to strengthen the social protection system to increase the efficiency and coverage of the system. It will do so by enhancing the policy framework and targeting mechanism, increasing PAP's coverage of the poor, and improving the implementation of the main social programs. The eligible expenditures include (1) PAP Beneficiaries' Cash Transfers, (2) Training¹⁸, and (3) Non-consulting services. Annex 1 includes detailed information on eligible expenditures. The activities under this component will be supported by technical assistance (i.e. consulting and non-consulting services) under subcomponent 3.1. Component 2 is composed of two subcomponents:

30. **Subcomponent 2.1: Strengthened social protection policy framework**¹⁹ (US\$3.0 million in DLIs). This subcomponent is associated with DLI 4 (DLRs 12 and 13) and DLI 5 (DLRs 17 and 19) and aims to

¹⁶ The Project will support some TVET courses which will commence before the labor market needs assessment is complete in year 1. However, the Project provides for the TVET Council also to determine the selected sectors and will be able to do so before the needs assessment comes online through existing sources of information (including data from the Labor Department on permits for overseas workers, the final report of the Social and Economic Labs, and direct consultations with industry).

¹⁷ Higher-level CVQs refer to levels 3-5 or equivalent, as specified in the Operational Manual.

¹⁸ Including transportation costs and per diem of trainees and trainers, training registration fees, and training materials, among others.

¹⁹ The SP Policy Framework refers to the principles, policy goals and strategies that guide the design and implementation of SP benefits and services.



enhance the SP policy and policy environment and to improve the targeting mechanism used to determine eligibility of potential beneficiaries. It specifically supports the following: (i) review and revision of the national SP policy; (ii) development and implementation of a graduation strategy for social assistance household recipients; and (iii) development and implementation of the updated targeting tool, SL-NET 3.0. The revised SP policy will identify and address systemic gaps by assessing current social needs with the policy interventions in place, enhance coordination and integration of social programs, and incorporate an adaptive SP approach, including elements to prevent, mitigate and respond to shocks. These elements will include designing interventions that can be expanded (or contracted) according to need and identifying potential financing mechanisms (as part of the broader risk financing and insurance framework²⁰) to scale up SP programs in case of disasters. The development and implementation of a graduation strategy for social assistance households will facilitate access to jobs and enabling services such as TVET²¹ through cash transfers in accordance with PAP. Finally, the development and implementation of the updated targeting tool, SL-NET 3.0 (recently approved by Cabinet), will improve the selection of beneficiaries based on poverty levels, thereby improving overall spending efficiency of social programs.

31. **Subcomponent 2.2: Improved coverage and implementation of flagship social programs**²² (US\$4.5 million in DLIs). This subcomponent is associated with DLI 4 (DLRs 14-16) and DLI 5 (DLRs 18 and 20), and its objective is to increase the coverage of the poor through the expansion of the main social safety net program, PAP, and to enhance the implementation of the main social programs, PAP and KSL. The subcomponent will support: (i) increased coverage of PAP; and (ii) modernizing procedures, implementation and delivery systems of the main social programs. The PAP's coverage expansion will complement the enhanced targeting of social programs by jointly allowing an improvement of the coverage of the poor, which is currently limiting poverty reduction results. The PAP's coverage expansion will be sequenced with the implementation of the updated targeting mechanism, ensuring that the incremental PAP beneficiaries are actually the poorest ones. Modernizing the social programs will involve: a) a comprehensive revision of procedures, communication and feedback mechanisms, and monitoring and evaluation processes, among others; and b) the design, development and population of a social information system, consisting of a social registry and a beneficiary management information system (BMIS).²³

²⁰ The Bank has been supporting the Government of Saint Lucia with its Disaster Risk Financing Strategy. One of the recommendations that the Bank identified as part of this technical work was the need to strengthen the management of contingent liabilities related to SP. Further details of the recommendations are included in the report: World Bank, 2017. Advancing Disaster Risk Finance in Saint Lucia. This work is available at: <https://elibrary.worldbank.org/doi/pdf/10.1596/29736>.

²¹ Graduation strategy aims to improve living conditions of poor households through access to training and jobs, and by removing barriers to productive employment. For instance, access to TVET for poor households will contribute to improve human capital, which in turn could improve employability and earnings, allowing the poor to eventually 'graduate' from poverty.

²² The flagship social programs referred to are PAP and KSL. The latter is a case management program for the extreme poor. Delivery systems improvements such as the social information system could support policies and programs beyond SP, including health and education, among others.

²³ The social registry would include information on poor and vulnerable households (i.e. potential beneficiaries) and will incorporate climate change considerations such as information related to population's exposure (e.g. georeferenced information) and vulnerability to shocks and climate related risks (e.g. quality of housing and assets). As such, by improving information and delivery of social programs, it would also improve adaptive capacity of vulnerable population to cope with shocks. The BMIS would support the implementation of social programs, including automating information processing for benefits and service package decisions, support the provision of benefits and services, monitoring and management of beneficiaries, among others.



Component 3: Technical Assistance, Capacity Building, TVET Equipment and Furniture, and Project Management. (US\$4.5 million)

32. Component 3 supports the results-based components of the Project through targeted investments in technical assistance and equipment and through project management. It is composed of three subcomponents:

33. **Subcomponent 3.1: Technical Assistance and Capacity Building** (US\$2.5 million). This subcomponent will support (a) technical assistance and (b) capacity building. Under technical assistance, this subcomponent will finance consultant and non-consultant services for key results areas of the Project. A TVET Systems Consultancy will advise the TVET Council and MoE on sequencing and executing the required reforms for transition to an inclusive, labor market demand-driven TVET system. A consultancy will support the Central Statistics Office in carrying out the 2022 Survey of Living Conditions and Household Budget Survey, which will serve as a key input to inform the social protection policies and legal framework, as part of the continuous improvement cycle. An information technology (IT) consultant will support the design, development and maintenance of the Social Information System. The system will be housed in the MoEQ with support from the Government Information and Technology Services (GITS) and will build on policy and infrastructure investments under the World Bank-financed Caribbean Digital Transformation Program (P171528) under preparation.²⁴ The Bank will also provide substantial support to ensure the system incorporates business-process orientation, supporting daily operations and administration of social programs. The system will incorporate an interoperability framework to interact with multiple databases, including the TVET database and Labor database. Individual consultants (IC) will support: the design and supervision of the social information system; the technical analysis to update the SP policy; the drafting of the graduation strategy and the SP operational processes (i.e. manuals); and the development of standards and systematization of the data for the TVET Council. The non-consulting service includes the collection of data on PAP beneficiaries to implement the recertification process. Under capacity building, this subcomponent will finance technical, institutional, and fiduciary capacity building activities for the Recipient's staff and local authorities, including MOE, MoEQ, PIU staff and TVET Council staff.

34. **Subcomponent 3.2: TVET Equipment and Furniture** (US\$1 million). This subcomponent will finance industry-standard equipment and furniture for secondary schools, special needs schools, and training institutions to meet the required standards of specific CVQs or equivalent TVET qualifications. Equipment priorities will be identified through the new course development process under Component 1. As the Project will not finance civil works, equipment will only be procured for facilities certified as structurally sound under normal conditions and possessing the required space and utilities to meet the specifications of the equipment.

²⁴ GITS and other agencies of the Government of Saint Lucia are working to strengthen the national ID system and interoperability framework, which could significantly improve the operating environment of the Social Information System. The Caribbean Digital Transformation Program (P171528), which is under preparation, will complement the efforts to strengthen the national ID and interoperability framework through modernization of data privacy and data protection policies, IT standards, supporting resilient IT infrastructure and IT systems for public service delivery and electronic payments platforms, among others. The Government of Saint Lucia and the Bank are working closely on these issues to exploit synergies and avoid duplication.



35. **Subcomponent 3.3: Project Management** (US\$1 million). This subcomponent will finance goods, non-consulting services, consulting services, operating costs and training related to Project management activities carried out by the PIU such as: (a) coordination, procurement and financial management, monitoring and evaluation, and social and environmental management; (b) provision of office furniture and supplies for the PIU and for the TVET unit at MoE; (c) carrying out of independent audits and DLR compliance verification.

C. Project Beneficiaries

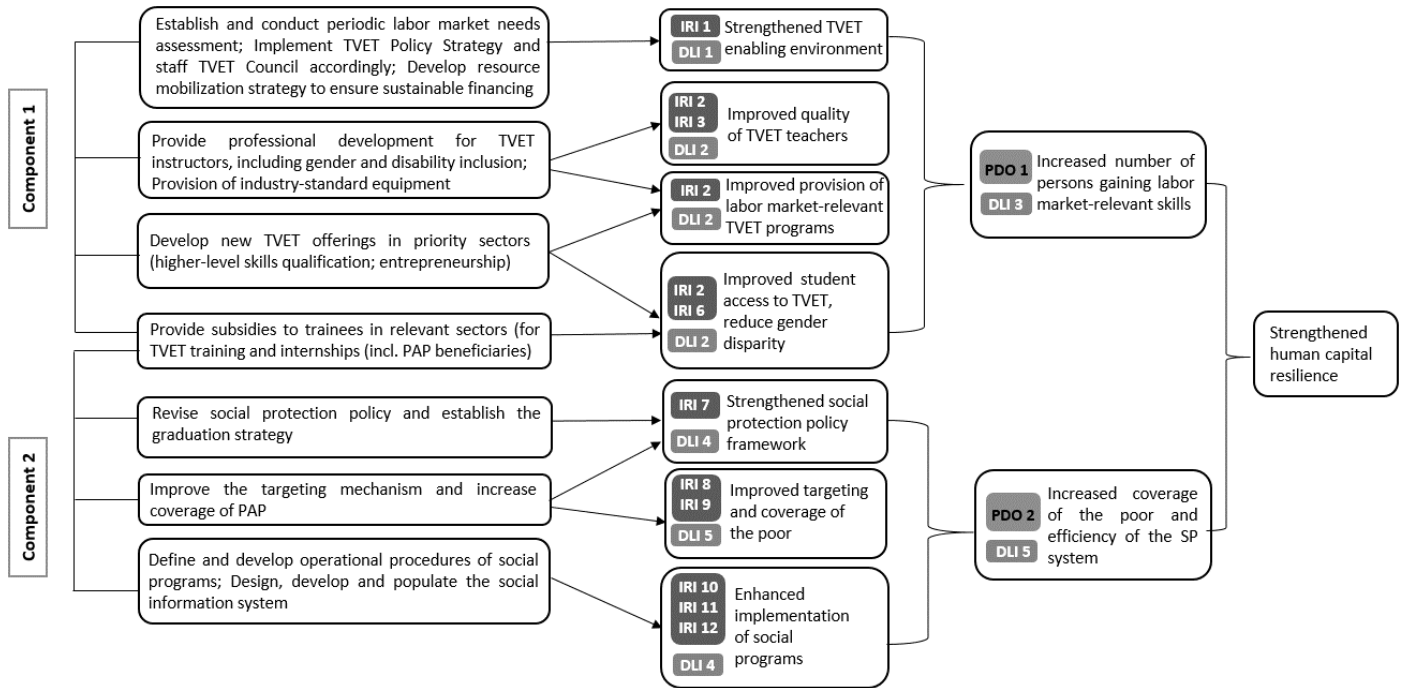
36. **A more developed, resilient stock of human capital will indirectly benefit the overall population of Saint Lucia.** However, several stakeholder groups will benefit directly from Project interventions, as follows:

- (a) Project interventions in TVET will directly benefit TVET instructors and students at two postsecondary educational institutions, three training institutions, 22 secondary schools, and 5 special needs schools in the country. At least 230 instructors and 3,000 students are expected to benefit. Of the students, approximately 80 percent are expected to be youth (age 15-30) and 60 percent are expected to be female.
- (b) Poor and vulnerable households will benefit from strengthened SP policy, coverage and mechanisms to provide safety net support. The strengthened SP policy framework will integrate cross-cutting issues such as an adaptive SP approach, which will primarily benefit population groups vulnerable to shocks through, among others, dynamic information that includes exposure and vulnerability to hazards, scalable programs, and interinstitutional coordination mechanisms with disaster risks management agencies. The improvements in the efficiency and coverage of PAP will positively impact the 3,600 target beneficiary households (representing 11,160 individual beneficiaries, assuming average household size). A subgroup of PAP beneficiaries will benefit also from improved KSL, which provides case management for the households in most need. The poor population (estimated 43,225 persons in 2016) are potential beneficiaries of multiple benefits and services and they may also benefit from the Project through, *inter alia*, improved linkage with benefits and services from other ministries such as health insurance²⁵ from the Ministry of Health or educational fee waivers (e.g. TVET) from the Ministry of Education. The targeting and operational improvements of the social programs will also increase resource efficiency in a context of fiscal constraints. The graduation strategy is expected to reflect gender equity for those receiving PAP and TVET.

²⁵ The World Bank Health System Strengthening Project (P166783) highlights that the predominant model under consideration for financing the essential benefits package includes that the Government covers the premiums for the unemployed and the poor. The MoEQ could support the Ministry of Health in accurately identifying the populations eligible (e.g. poor) for such benefit.



D. Results Chain



37. **The critical assumptions that must hold to achieve the PDO are as follows.** For Component 1: (i) timely roll-out and quality analysis of the labor market needs assessment; (ii) effective collaboration between the public and private sector to design and implement the trainer immersion program and the envisioned TVET framework; (iii) sufficient interest and participation by targeted student populations in the improved TVET offerings. For Component 2: (i) timely support and approval of the proposed changes to social protection policy; (ii) proper application of updated policy, strategies and procedures; and (iii) sufficient interest and participation of the social beneficiaries to apply for the complementary services envisioned in the graduation strategy such as trainings. Other assumptions are also embedded in the theory of change, but the above-mentioned are considered the ones that could prevent the Project from achieving its objective.

E. Rationale for Bank Involvement and Role of Partners

38. **The OECS Systematic Regional Diagnostic (dated June 2018, Report No. 127046-LAC) highlights the importance of education and social protection in human capital development and in increased resilience and equity.** This diagnostic emphasizes the relevance of human capital in connecting growth to economic inclusion and the roles of education as the most important piece of human capital accumulation and of social protection in increasing resilience and in sustaining progress towards equity and inclusiveness.

39. **The World Bank has an extensive record of supporting TVET around the world.** Recent experience includes the Gansu Technical and Vocational Education and Training Project (P154623), and PASET Labor Mobility and Skills Development in Africa (P157349) which is supporting higher-quality TVET



provision within a regional skills framework. The Project will draw on lessons learned from the Human Development Service Delivery Project in Saint Vincent and the Grenadines (P154253). In Saint Lucia, the OECS Skills for Inclusive Growth Project (P097141) contributed to the improvement of the policy framework and institutional architecture for training. The Project design incorporates lessons from international literature and Bank-financed projects on TVET. The most significant lesson is that the most successful TVET projects are closely linked with employers to ensure quality and responsiveness of programs to demand. Global experience also suggests that an institutional framework conducive to private sector and employers' involvement and collaboration in the TVET sector is key to developing a demand-driven system. For industry-ready graduates, international evidence shows that trainers should have both industry experience and up-to date pedagogical expertise.

40. **The World Bank is well placed to support the SP sector in Saint Lucia, given its global, regional, and country-specific expertise in upgrading SP policy and instruments to protect the poor and vulnerable from shocks and to promote human capital development.** The Bank brings expertise in supporting the development and implementation of SP policy and delivery systems in Latin American and the Caribbean in countries such as Mexico, Jamaica, and Grenada. This includes experience in the design of adaptive SP strategies and instruments such as social information systems for objective and transparent targeting of the poor and vulnerable, technology-based social registry and BMIS, and the communication and beneficiary feedback mechanisms needed to improve the effectiveness and efficiency of the SP system. Moreover, the design of the Project also incorporates evidence from analytical work. In recent years, the Bank provided technical assistance to support SP in Saint Lucia through the Rapid Social Response Trust Fund: Transforming Social Protection in St. Lucia (P149120) and, more recently, through the Saint Lucia Disaster Vulnerability Reduction Project (P127226). This technical assistance allowed the Bank to support the Government of Saint Lucia in assessing its SP system, interventions and tools, and the Human Capital Resilience Project will allow the Bank to support the implementation of the ambitious SP reform agenda.

41. **MoE has also received support from the UK Department for International Development (DFID) for TVET, and the MoL receives technical assistance on building a labor management information system (MIS) from the International Labor Organization (ILO).** DFID's ongoing Skills for Youth Employment (SkYE) in the Caribbean project is directly supporting 1,500 trainees over three years from a set of target groups, primarily at the National Enrichment and Learning Unit (NELU). The ILO is providing technical assistance to MoL to build a database of job seekers and employers to facilitate job search and matching. The Project will ensure complementarity of these projects by ensuring that SkYE beneficiaries benefit, to the extent possible, from quality enhancements in TVET; and by ensuring interoperability between the Social Information System, Labor MIS, and TVET Database.

42. **The MoEQ has been undertaking multiple activities in collaboration with development partners such as UNICEF, UN-Women and the Caribbean Development Bank (CDB), which are complementary to the activities of the proposed Project.** Some of the main activities undertaken by MoEQ with other development partners include the drafting of the SP Bill; the implementation of a Multiple Indicator Cluster Survey (MICS) with UNICEF; a Gender Awareness Beneficiary Assessment with UN-Women; and an on-going Participatory Poverty Assessment with the CDB to better understand the causes and consequences of poverty in Saint Lucia. This collaboration with development partners is aligned with the priorities that the Bank identified in the SP sector in Saint Lucia and, at the same time, complements the work that the Bank is doing with the MoEQ, creating the opportunity to generate synergies. The MoEQ



will continue to share key information with the Bank on activities that could be relevant to the Project to avoid duplication and generate synergies.

F. Lessons Learned and Reflected in the Project Design

43. The Project's design draws on lessons learned from other projects, including ones in small states and OECS countries:

- (a) Simplicity and alignment with implementation capacity. In countries with limited institutional capacity it is important to keep the project design simple. The substantive part of the Project consists of only four subcomponents – one related to policy and enabling environment and another related to service delivery in each sector. The number of procurement packages has been minimized, reflecting limited procurement capacity and experiences with procurement in other projects in the OECS – including the Saint Vincent and the Grenadines Human Development Service Delivery Project (P154253), which has similar objectives to this Project and has experienced procurement challenges. The Project scope aims to ensure that the activities of each of the implementing agencies are sequenced and aligned with their capacity.
- (b) Strong implementation support and capacity building. Limited capacity also requires intensified Bank implementation support. Prior to effectiveness and during the first year of the Project, the Bank will provide intensive support on fiduciary aspects in particular. For example, support will be provided on the Terms of Reference and procurement processes for key PIU positions. An international procurement consultant will be engaged to assist with larger and more complex procurement packages. The Project also includes institutional capacity building through training (mainly) of staff at the MoEQ and MoE. One of the main lessons learned that emerged from Bank-financed Projects that included the design and development of social information systems such as Mexico SP System Project (P147212) and Grenada Safety Net Advancement Project (P123128) is that in-house government support is needed for the design and development of such systems throughout the whole process to ensure buy-in and most importantly to build government capacity.
- (c) Strong ownership and commitment. Strong country ownership has proven to be critical for successful Project implementation. As such, the Project has been designed to support the development and implementation of Saint Lucia's sectoral strategies in Education and SP, with continuous involvement of the representatives of implementing agencies and high-level policymakers.
- (d) Evidence from analytical work. The Project builds on World Bank analytical work supporting the OECS Education Sector Strategy, which includes TVET as a priority area (P158836). The Project also builds on WB technical assistance activities implemented under the Rapid Social Response Trust Fund: Transforming Social Protection in St. Lucia (P149120) and the Saint Lucia Disaster Vulnerability Reduction Project (P127226), including the Institutional Assessment and Capacity Building Plan (2014), SP Assessment (2015), and the assessment of Saint Lucia's targeting tool (2018), among others.



III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

44. **The implementing agencies for the Project will be the MoE and the MoEQ.** These Ministries will be responsible for the budgeting, scheduling, and execution of Project activities; requesting from the Ministry of Finance the budget resources needed to carry out Project activities and achieve the Disbursement-Linked Results; preparation of Terms of Reference (TORs) and selection of consultants/suppliers; supervision of activities; and results monitoring for their respective indicators.

45. **A PIU would be established in the MoE to manage the day-to-day operations of the Project.** To ensure coordination of implementation across the Project, a single PIU will be established in MoE on account of its experience in procurement and in implementing Caribbean Development Bank (CDB)-financed and OECS regional projects. The PIU would consist of a Project Manager with overall responsibility for the PIU as well as technical activities in education, a Technical Coordinator with responsibility for the activities under MoEQ, a Finance Officer, Procurement Officer, a Monitoring & Evaluation (M&E) Officer, and a Social and Environmental Specialist. With support from the Bank, the Government will recruit, at a minimum, the Project Manager and fiduciary officers in advance of effectiveness so that their contracts can be signed no later than one month after effectiveness. The remaining staff will be hired no later than three months after effectiveness. The TORs for the PIU staff will be written to ensure that the PIU is responsible for activities across the entire Project. A focal point in the Department of Labor will be also appointed to ensure coordination across activities that intersect with the labor sector.

46. **An intragovernmental steering committee amongst policy makers in the central and line ministries will be established to engage on policy-level issues no later than one month after effectiveness.** The Steering Committee would be accountable for the Project, coordinate amongst the ministries, and provide direction for the Project as needed. The Steering Committee would comprise a subset of the existing Committee of Permanent Secretaries, including Economic Development, Finance, Education, Equity, and Labor, as well the chair of the TVET Council and any other stakeholder as necessary. The PS of Economic Development will chair the group, and TORs for the Steering Committee are outlined in the Operational Manual (OM).

B. Results Monitoring and Evaluation Arrangements

47. **A results framework and associated monitoring arrangements have been developed to monitor progress, integrated with the DLIs to incentivize key results.** PDO-level indicators and intermediate indicators will be monitored by MOE and MOEQ. Some indicators will be under the purview of specific units, such as the TVET Unit, as specified in the monitoring arrangements. The Project will support interventions to strengthen M&E capacity of the implementing agencies and regular reporting is to be coordinated by the MOE and MOEQ. Both Ministries will be supported by the M&E Officer who will work under the Project Manager, as described in Section III.A on Institutional and Implementation Arrangements.

48. **A progress report will be prepared and shared with the Bank on a semi-annual basis.** The data for some indicators is collected more frequently than for others, and this will be reflected in the results



framework and in the systematic reporting such as the Implementation Status and Results reports (ISR). The task team will update progress on the results framework in aide memoires of implementation support missions.

49. **The appropriate verification authority has been determined for each DLR.** Readily verifiable DLRs, such as Cabinet approval of policies, would be verified by the PIU and validated by the Bank. Other DLRs (scalable DLRs, as explained below) would require verification by the Audit Department. These would include the DLR related to the number of students with enhanced TVET activities and the percentage of PAP beneficiaries identified as eligible based on the assessment through SL-NET 3.0.

50. **The reporting on achievement of DLRs and associated eligible expenditures will be aligned with the submission of interim financial reports (IFRs) every 6 months.** Should a result be achieved, and eligible expenditures incurred earlier, a withdrawal application can be submitted accordingly. Some of the DLRs – including the number of students with enhanced TVET activities and number of PAP beneficiaries’ households, among others– will be scalable, which indicates that if a target is partially met, disbursements can be made in the same proportion, subject to a minimum.

51. **Up to 20 percent of Project financing can be provided in retroactive financing for eligible expenditures incurred up to one year prior to the Signature Date of the Financing Agreement and disbursed after effectiveness.** For Retroactive financing, as with all the DLIs, both evidence of achievement of DLRs as well as spending on eligible expenditures must be presented and verified.

C. Sustainability

52. **The Project supports education and social protection, which have been identified as top priorities for the country.** The Project supports the top-level Education priority identified by the Social and Economic Labs convened by the Office of the Prime Minister, i.e. increased provision of quality, labor market-relevant TVET, and the TVET Policy and Strategy approved by Cabinet in September 2019. The Social Protection Component is fully aligned with the sectoral and national strategies and supports the update of the social protection policy framework, which goes beyond the duration of the Project.

53. **Strategies to ensure sustainability have been built into the Project design, including institutional capacity building.** The subcomponent on Strengthening the TVET Enabling Environment is explicitly designed to ensure long-term sustainability. It supports mechanisms for more continuous assessment of skills needs in the labor market and the use of this information to support TVET offerings, and the development of a resource mobilization strategy for sustainable financing of the sector. The Project also includes institutional capacity building activities as an integral part of the Project to ensure sustainability. Each component includes capacity building for Government entities, including activities to strengthen the TVET Council and to enhance social protection policy and provision through upskilled welfare officers and social workers, local authorities, and managerial and technical staff of MOEQ, among others. Training for staff in implementing ministries, strong information systems, and clear operational manuals of procedures will also help mitigate the risks of capacity deficiencies due to staff turnover in this small country context. Moreover, the Project includes country capacity development via training and knowledge exchanges with relevant countries which will also contribute to the sustainability of its interventions. Finally, the Project will include institutional and fiduciary capacity building activities.



54. **The fiscal impact of PAP's coverage expansion and of hiring additional TVET teachers are expected to be minor, and the Bank is working closely with the government on alignment with the fiscal framework.** The fiscal constraints and the limited coverage of PAP were both acknowledged during project preparation. In this context, the agreed coverage expansion of PAP aims to balance the tension between benefiting a higher proportion of the poor (which after the expansion will still be relatively modest) and putting too much pressure on the fiscal sustainability of such expansion. The agreed expansion will have a relatively minor fiscal cost, yet it can have potential significant positive development outcomes. According to the technical note on spending of social safety nets and coverage of the main cash transfer programs in selected countries of Latin American and the Caribbean (2019), the additional cost of the PAP's coverage expansion by 2024 would only represent an additional expenditure of 0.04 percent of GDP per year (compared to the 2019 baseline). However, this expansion represents a 50 percent increase in coverage of PAP beneficiaries, bringing significant positive development impacts at a reasonable fiscal cost. Nevertheless, fiscal sustainability is critical to the success of PAP's coverage expansion, and this expansion should be aligned with the overall fiscal framework. The fiscal impact of hiring additional TVET teachers and trainers is expected to be very minor. Given that the secondary school-age population in Saint Lucia is decreasing, the size of the secondary school teaching force is forecast to decrease by approximately 125 positions from the 2017/18 school year through 2020/21, largely through attrition. Approximately 30 new secondary and post-secondary TVET teachers are expected to be recruited under the Project, with additional teachers retrained for TVET roles. Thus even if the forecast decrease in the overall secondary teaching force is only partially realized it would still compensate for the new positions generated under the Project.

IV. PROJECT APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis

Technical Analysis

55. **The proposed Project design builds on experiences in the development of demand-driven systems, as it reflects international best practices in key TVET areas.** These include (i) improving governance with the reinforcement of the TVET Council, (ii) developing mechanisms to review and update training programs to comply with quality standards and to match the labor market needs, and (iii) improving practical teaching skills and industry knowledge for trainers.

56. **The Project is designed to support technically sound reforms to the TVET system.** The Saint Lucia National TVET Policy and Strategy, which is set to transform the current system to a demand-driven system, is aligned with international evidence and best practice. It sets clear priorities, targets, and estimated costs for each of the years it covers. The Project will provide resources and technical assistance for the Government to conduct the reform and transformation of the current system and mobilize resources for further sustainability.

57. **The Project also aims to improve the coverage and efficiency of the social protection system, based on international best practices.** Best practices are reflected in its focus on an integrated social protection system, building human capital and supporting an adaptive approach; increasing access to enabling factors and opportunities for the beneficiaries of the social programs; increasing coverage of the main safety nets -the PAP; improving efficiency of social programs through strengthened processes and delivery systems (including outreach, intake and registration, targeting, beneficiary management, etc.);



and supporting evidence-based decision making and transparency and accountability through the establishment of M&E procedures and grievance redress mechanisms.

58. **The Project's development impact in enhancing the coverage of the poor and the efficiency of the social protection system will be a significant contribution to Saint Lucia's development.** Saint Lucia's social protection system seeks to build equity, opportunity and resilience for its people through social benefits and services. These benefits and services aim to redistribute income to reduce poverty, support human capital investments, and help insure against shocks and risks such as loss of earnings from unemployment, old age, economic crisis, and natural disasters, among others.

Corporate Requirements

59. **The Project incorporates gender, climate change, beneficiary feedback, and inclusive education considerations in its design:**

- (a) **Gender:** Although poverty fell overall from 2006-2016, the poverty rate in female-headed households remains high, and female unemployment has increased from 15.5 to 25.9 percent in the same period. At the same time, the majority (65 percent) of TVET participants in Saint Lucia are female. This reflects the underperformance of male students in Saint Lucia's education system more generally, as well as the high degree of polarization in TVET disciplines by gender, with the most heavily subscribed courses in lower-paying and majority-female fields (such as cookery at NSDC and cake decorating at NELU). The Project seeks to reduce this polarization and attract more females into traditionally "male" fields and vice versa through awareness campaigns and training for instructors. An Intermediate Results Indicator (IRI) monitors the average gender parity index by TVET field. The Project also addresses potential barriers to participation in TVET, including the cost of child care, through targeted subsidies for participants under Component 2. The targeting and delivery of social programs are also informed by the higher poverty rate of female-headed households and both Project Development Objective indicators are disaggregated by gender.
- (b) **Climate change:** Climate change considerations are incorporated in both components. Training on climate change will be provided as part of the trainer immersion program and updated TVET skills training package in Component 1. The social registry will include information related to targeted populations' exposure to hazards (including georeferenced information) and vulnerability to climate change, which will not only facilitate the identification of people affected or potentially affected by hazards, but also the implementation of specific preventive and responsive actions. Both sets of activities will improve adaptive capacity of targeted populations to cope with climate change impacts.
- (c) **Beneficiary feedback:** The Project incorporates a citizen-oriented design and includes beneficiary feedback in the Disbursement-Linked Indicators (DLI) and results framework. The design includes a survey to collect information from participants in the technical training programs, as well as a survey of employers on their experience with graduates from these programs, which will be used by the TVET Council and MoE to continuously improve TVET offerings. Feedback received will be incorporated into the programs as appropriate during project implementation. A PAP appeals and grievance mechanism is also supported, and the Project will track the percentage of appeals and grievances resolved according to the established protocols. By doing so, the Project will incorporate the views of communities and civil society, along with those of the private sector, to ensure adaptive learning, leading to changes that will benefit primarily the poor and marginalized.



- (d) **Inclusive education:** In line with the World Bank's commitment to ensure that all education projects are inclusive of persons with disabilities, the Project included consultations with the National Council of and for Persons with Disabilities during preparation and as part of its Stakeholder Engagement Plan (SEP). Project activities include training for TVET training providers to address bias against persons with disabilities and strategies to promote greater inclusion. In addition, the Project will ensure that students in all five special needs schools will have access to at least one CVQ linked to labor-market needs, as part of one of the Disbursement-Linked Results (DLRs). The PDO indicator on the provision of labor market-relevant skills will also include disaggregated data on students at special needs schools.

Economic and Financial Analysis

60. **The development impact of the Project is expected to be high.** The benefits include higher economic productivity of TVET students with improved labor market-relevant skills, and a more inclusive and efficient social protection system. Specifically, Component 1 activities concerning provision of labor market-relevant TVET offerings are expected to directly increase the employment probability and earnings of the beneficiaries. Simulations suggest that a 5 percent increase in annual earnings due to a combination of both factors will result in an internal rate of return (IRR) of 13 percent, which is greater than the discount rate considered for the Project. Component 2, although difficult to quantify, can also achieve long-term benefits that justify the initial investments. Simulations show that covering 3,600 beneficiary households identified as eligible through SL-NET 3.0 with PAP cash transfers could reduce poverty by 5.9 percent. This number of PAP beneficiary households is the target of PAP's coverage for the Project and reflects a coverage increase compared to the baseline of 2,396 PAP beneficiary households (World Bank, 2018). The increased coverage combined with the strengthening of the social protection system, will improve spending efficiency by reducing inclusion and exclusion errors due to improved targeting, reduce implementation costs thanks to economies of scale, streamline operational procedures and systems in place that will automatize information processing and provide timely information to decision-makers. Moreover, linking the poor and vulnerable through the graduation strategy to training (i.e. TVET), jobs and opportunities could have transformational impacts. A social protection framework that is shock-responsive will also contribute to strengthen human capital resilience. The detailed economic analysis is presented in Annex 3.

61. **In addition, public sector provision of Project activities is justified based on considerations of equity and externalities.** The public sector has an important role to play in both TVET and social protection. By creating an enabling environment and delivering effective services, potential returns to skills can be realized and shared, and disadvantaged and vulnerable populations can cope with shocks and risks, build resilience, and invest in their human capital. Moreover, the human capital investment proposed by the Project can potentially benefit broader economic growth and social cohesion. Development and implementation of planning and monitoring tools including the labor market needs assessment and the Social Information System, together with incorporation of climate change in the TVET programs, also constitute invaluable public goods.

B. Fiduciary

62. **Financial Management (FM).** FM assessment of the MoE and MoEQ was carried out as part of project preparation to determine the adequacy of the Project's FM Arrangements. The overall control



environment in the Government is reasonably good, as there are adequate financial rules, regulations and checks and balances. The FM assessment was carried out in accordance with OP/BP 10.00, *Investment Project Financing*, and Financial Management Manual for World Bank IPF Operations (OPCS5.05-DIR.01 issued February 10, 2017). The objective of this assessment was to determine whether the implementing agency has acceptable FM arrangements for the implementation of the Project. It concluded that with the mitigating measures described below, the Project has adequate FM arrangements that should be able to provide, with reasonable assurance, accurate and timely information on the status of the funds as required by the World Bank.

63. **The key FM risks are:** (i) defining the boundaries of the Eligible Expenditures Program (EEP) that are necessary to meet the PDO and ensuring that adequate fiduciary arrangements are in place; (ii) lack of experience at MoE and MoEQ in implementing Bank-financed operations; and (iii) institutional capacity to implement multi-sector operation. Mitigation strategies for these risks include: (i) accurate definition of Project EEP boundaries, (ii) detailed Operational Manual (OM) prepared prior to negotiations (complete as of February 10, 2020); (iii) ex-ante audit of all payments by internal auditors of the Accountant General's Office; (iv) independent ex-post audits of Project-related expenditures by Department of Audit (DoA) on a semi-annual basis in addition to annual audit of the Project's financial statements and verification of achievement of results; and (v) PIU staffed with a qualified FM Officer. The Bank will provide close support to the PIU, MoE and MoEQ especially in the first year of the Project. Given the low country capacity context, lack of prior experience in Bank-financed operation, and nature of Project design, the residual FM risk is "Substantial."

64. **The Project's FM and disbursement arrangements are streamlined to facilitate execution, avoid unnecessary incremental operational arrangements, and rely as much as possible on existing country systems.** The accounts for this Project will be integrated into the Government's Integrated Financial Management Information System (SmartStream), which is working well. The office of the AG will create the chart of accounts and budget classification and provide the PIU with access to SmartStream which would allow direct posting of Project expenditures and generation of expenditure statements. Project budget will be prepared by the MoE and MoEQ in coordination with the PIU, based on pre-defined list of eligible expenditures which are integrated into the national budget and detailed in the OM. The PIU will be responsible for producing the Interim Financial Reports (IFRs) semi-annually to be submitted to the Bank within 45 days from the end of each six-month period.

65. **All Project expenditures will be audited by the internal auditors based in the Office of the Accountant General prior to the issuance of payments and disbursements.** The PIU would provide additional control and review the documentation of all expenditures before any payment is made. The POM would reflect the structure of the PIU, administrative arrangements, internal control procedures, regular reporting to ensure close monitoring of project activities, and the flow of funds to support project activities. The DoA will carry out semi-annual audit of the EEPs under Components 1 and 2. In addition to the semi-annual financial reporting, the PIU will prepare annual Project financial statements which will be audited by the DoA and submitted to the Bank within 6 months from the end of each fiscal year. The PIU will prepare the auditors' terms of reference, which will be reviewed by the Bank before the engagement of the Auditors. The Project will finance consultancy contracts for two senior auditors to further support the DoA Team during the life of the Project.



66. **The Project's EEPs are designed to ensure the achievement of the target DLIs and PDO.** In particular, the eligible expenditures include those incurred by the MoE, MoEQ and Central Statistics Office (CSO) and used for supporting secondary, tertiary and special education, TVET council and TVET institutions under MoE, surveys under the CSO, and the Public Assistance Program (PAP) under MoEQ. Under Component 1, the EEPs will include (1) Secondary and special needs school teacher salaries, (2) TVET institutions' instructor salaries, (3) TVET council staff salaries, (4) Training²⁶, (5) consulting and non-consulting services for the carrying out of periodic labor market needs assessments; and (6) Stipends²⁷. Under Component 2, the eligible expenditures will include: (1) PAP Beneficiaries' Cash Transfers²⁸, (2) Training²⁹, and (3) Non-consulting services.

67. **Disbursements for Components 1 and 2 would follow a results-based financing approach, based on DLIs and against presentation of eligible expenditures paid under the EEPs.** Expenditures will be incurred through the Government's budget, and the Bank will reimburse eligible expenditures per the assigned values corresponding to the DLIs achieved with every verification cycle unless the amount of such eligible expenditures at the end of the cycle is less than the DLI values. In that case, the Bank will cap the reimbursement to the amount of eligible expenditures. DLIs will be verified according to the Protocols of Verification and supported by documentation for eligible expenditures. The PIU would prepare and submit withdrawal applications using the reimbursement method and funds would flow through the Government's Consolidated Fund.

68. **Disbursement for Component 3 would be channeled through a Designated Account (DA) denominated in US dollars, which will be maintained by the PIU at the Bank of Saint Lucia.** Advances to the DA would be made based on the forecast of eligible expenditures for a six months period, based on IFRs. As eligible expenditures are incurred, the PIU would withdraw the amount to be financed by the Bank from the DA in accordance with the financing agreement. The PIU would operate a local currency account, to finance project expenditures in local currency, where funds from the US\$ DA would be periodically transferred. These accounts would be operated in accordance with the procedures and guidelines set forth in the Bank's Disbursement Guidelines.

69. **Procurement** will be carried out in accordance with the World Bank's "Procurement Regulations for Investment Project Financing (IPF) Borrowers" (Procurement Regulations) dated July 2016 and revised in November 2017 and August 2018, with due consideration to "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006, revised January 2011 and as of July 1, 2016. In accordance with paragraph 5.9 of the Procurement Regulations, the WB's Systematic Tracking and Exchanges in Procurement (STEP) system will be used to prepare, clear, and update Procurement Plans and monitor all procurement transactions for the Project.

²⁶ "Training" under Component 1 means the following expenditures, excluding expenditures related to the Borrower's staff: (i) compensation for instructors' and trainers' trainers (other than salaries, consulting services and non-consulting services); (ii) transportation costs and per diem of trainers and trainees; (iii) tuition; (iv) assessment and certification fees of CVQs, NVQs, or equivalent qualification, (v) training materials and supplies, and (vi) rental of training facilities and equipment.

²⁷ "Stipends" means the monetary support provided under the Project to selected students to access TVET and for internships and job placements, all in accordance with the eligibility criteria and other requirements set forth in the Operational Manual.

²⁸ "Cash Transfers" means the monthly monetary support provided to the needy persons through the Public Assistance Program (PAP), as per the Policy and Operational Manual for the Assessment and Payment of Public Assistance, Ageing and Social Protection Services (valid since 2008), and it may include transport and childcare subsidies acceptable to the Association.

²⁹ "Training" under Component 2 means the following expenditures, excluding expenditures related to the Borrower's staff: (i) transportation costs and per diem of trainers and trainees; (ii) training registration fees; (iii) training materials; and (iv) rental of training facilities and equipment.



70. **A simplified Project Procurement Strategy for Development (PPSD) is prepared to define the applicable procurement arrangements, appropriate selection methods, including market approach, and type of review to be conducted by the World Bank.** The PPSD describes how procurement in this operation will support the PDO and deliver value for money using a risk-based approach. The PPSD provides adequate supporting market analysis for the selection methods detailed in the Procurement Plan. Mandatory Procurement Prior Review Thresholds detailed in Annex I of the Bank’s Procurement Procedures are applied. All procurement procedures, including roles and responsibilities of different participating entities and units, are defined in the Operational Manual.

71. **Procurement for the Project will be handled by the Ministry of Education.** The Ministry of Education has its own procurement unit, staffed by two Procurement Officers. They have extensive experience in procuring TVET equipment for national technical education programs, which will be directly relevant to much of the procurement to be financed under the Project, but lack experience in the procurement of consulting services and in the application of the World Bank’s Procurement Regulations. To reinforce the Ministry of Education’s capacity to implement procurement under the Project, the Project Implementation Unit (PIU) will hire a Procurement Officer no later than one month after effectiveness who will be dedicated to the Project and international procurement expert as needed.

72. **Most Project activities will be carried out through national or international competition.** The World Bank’s Standard Procurement Documents shall be used for all contracts subject to international competitive procurement. For contracts subject to national competitive procurement, the Borrowers should use Procurement Documents agreed with and found acceptable by the Bank. The procurement methods, thresholds and prior review thresholds will be detailed in the PPSD.

C. Legal Operational Policies

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

D. Environmental and Social

73. **The Environmental and Social Risks Classification (ESRC) for this Project is moderate under the World Bank Environmental and Social Framework (ESF).** The Environmental and Social Review Summary (ESRS) includes the World Bank’s due diligence assessment of the Project’s potential environmental and social risks. Three Environmental and Social Standards (ESSs) are relevant for the Project: ESS1, ESS2 and ESS10.

74. **The environmental risk rating of the Project is low.** The Project does not include any civil works. The Project will support training, institutional capacity building, public awareness of social protection programs, and improved learning. Accordingly, the Project is expected to not have any adverse risks and impacts on environment and human health and no further environmental assessment has been required following the initial screening.

75. **This Project is expected to have only positive impacts on vulnerable and systematically excluded groups - the poorest, unemployed, women, disabled, young girls, youth at risk, and people exposed and vulnerable to**



shocks and natural disasters, among others. However, potential exists for exclusion of vulnerable people due to inefficiencies in the outreach strategies or systemic discrimination, which may cause inequitable distribution of Project benefits. Accordingly, the social risks have been rated as Moderate. To mitigate these risks, the Project will support participatory approaches to strengthen Borrower social communication processes, and citizen engagement and beneficiary feedback mechanisms, to ensure inclusion and active participation of beneficiaries from vulnerable groups and to avoid any discrimination and exclusion that might be present in the current system.

76. **A Stakeholder Engagement Plan (SEP), Labor Management Procedure (LMP), and Environmental and Social Commitment Plan (ESCP), have been prepared and agreed with the government.** The SEP, with its Grievance Redress Mechanism, has been prepared with strategies to avoid, minimize or mitigate the above-mentioned risks; as has the LMP with its own Grievance Redress Mechanism for workers. The Social Assessment carried out for the Project has contributed to the design of the SEP and outlines measure for social inclusion. The ESCP sets out measures and actions required for the Project to achieve compliance with relevant Environmental and Social Standards over a specified timeframe. The SEP and ESCP were disclosed on the Bank's website on December 21, 2019. The LMP and Social Assessment were disclosed on the Bank's website on December 27, 2019.

77. **The ESRC will be reviewed by the Bank on a regular basis throughout the Project's life cycle to ensure that it continues to accurately reflect the level of risk the Project presents.**

V. GRIEVANCE REDRESS SERVICES

78. **Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS).** The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. Information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), is available at <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>, and information on how to submit complaints to the World Bank Inspection Panel is available at www.inspectionpanel.org.

VI. KEY RISKS

79. **The overall risk rating for the Project is assessed as Moderate.** Three areas with substantial risks are:

80. **Technical Design Risks.** The technical design of the Project is considered a substantial risk given that this is the first DLI-based operation in Saint Lucia, results will need to be verified by an agency that has not yet engaged in this type of verification, and the Project requires coordination across multiple ministries. Mitigation measures include limiting the number and complexity of DLIs, providing close World Bank support on the DLI-related aspects of the Project Operations Manual, supporting additional consultants for the Audit Department, formation of an inter-ministerial Project steering committee, and lines of accountability from the PIU to both MoE and MoEQ.



81. **Institutional Capacity Risks.** Saint Lucia has traditionally relied on a national-level Project Coordination Unit (PCU), which is at capacity with its current project load. An independent PIU was established for the Saint Lucia Health System Strengthening Project (P166783), and this Project will follow the same course by establishing a PIU within the MoE. There are risks of establishing a PIU in this Ministry for the first time, including the risk of implementation delays in the event of delays in filling PIU positions. These risks will be mitigated by providing close technical support from the Bank, particularly on fiduciary aspects, Bank support for the development of the Operational Manual to ensure a right-fit for the institutional capacity in Saint Lucia, front-loading the advertisement and selection process for key PIU positions prior to Project effectiveness, and identification of senior technical personnel in MoE and MoEQ below the Permanent Secretary level who can be involved in the Project even in a light capacity.

82. **Fiduciary Risks.** The Substantial rating is due to the limited institutional fiduciary experience of the relevant Ministries in Bank-financed projects in recent years and limited fiduciary staff within the implementing Ministries. To mitigate these risks, the Project will build capacity in the MoE's procurement unit, as described above; leverage and build upon the country's public financial management system including the use of Smart Stream, the internal auditors of the Accountant General's Office, the Auditor General's Office and the FM staff at the two line ministries; and support recruitment of fiduciary professionals with the capacity to manage the Project. Related to the Institutional Capacity Risks above, delays in the hiring of PIU fiduciary staff could create a risk of withdrawal requests without adequate fiduciary controls in place, given the absence of effectiveness conditions. This is mitigated in two ways: i) project disbursement requires Interim Financial Reports (IFRs) to be submitted for the Bank's review and approval prior to disbursement; and ii) no advances are provided under Components 1 and 2 as the only disbursement method is reimbursement.



VII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: St. Lucia

Saint Lucia Human Capital Resilience Project

Project Development Objectives(s)

The objectives of the Project are: (a) to improve the labor market relevance of skills in selected sectors; and (b) to increase efficiency and coverage of the social protection system in Saint Lucia.

Project Development Objective Indicators

Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Improve the labor market relevance of skills in selected sectors							
Number of persons gaining enhanced TVET qualification (cumulative) (Number)	DLI 3	0.00	400.00	1,200.00	1,800.00	2,400.00	3,000.00
Number of persons with enhanced TVET qualification (Females) (Number)		0.00	260.00	770.00	1,135.00	1,465.00	1,800.00
Members of PAP Beneficiary Households (Number)		0.00	10.00	25.00	50.00	100.00	150.00
Students at Special Needs Schools (Number)		0.00	2.00	5.00	10.00	20.00	30.00
Increase efficiency and coverage of the social protection system							
Number of PAP beneficiary households identified as poor based on the revised targeting	DLI 5	0.00	958.00	1,438.00	2,250.00	2,250.00	3,240.00



Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
tool. (Number)							
Percentage of PAP beneficiary households, identified as poor based on the revised targeting tool, that are female-headed (Percentage)		52.00	52.00	52.00	52.00	52.00	52.00

Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Component 1: Strengthening Technical and Vocational Education and Training (TVET).							
Strengthen and implement TVET enabling environment (Text)	DLI 1	n.a.	DLR 1: New labor market needs assessment completed by MoE	DLR 2: TVET Council funded in the national budget in accordance with staffing requirements in TVET Policy and Strategy	CSO completes an additional labor market needs assessment, TVET Council continues to be funded in accordance with staffing requirements in TVET Policy and Strategy.	DLR 3: Periodic labor market needs assessment and beneficiary feedback mechanism established, TVET Council continues to be funded in accordance with staffing requirements in TVET Policy and Strategy.	DLR 4: Resource mobilization strategy approved by Minister of Education. System continues to be in place for periodic labor market needs assessments and beneficiary feedback, TVET Council continues to be adequately resourced and staffed as per approved TVET policy.
Strengthen TVET course offerings (Text)	DLI 2	n.a.		DLR 5: 80 TVET teachers and instructors in secondary or special needs schools and/or	DLR 6: All secondary schools and special needs schools provide access to at least one	DLR 7: Nine (9) CVQs at level 3-5 or equivalent TVET qualifications available in selected	At least 80 teacher participated in immersion, access for all, at least 9 CVQs or equivalent



Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
				training institutions complete worksite-based immersion program	CVQ within an area of 50 km in selected sectors	sectors	created.
Teachers recruited or trained (CRI, Number)		0.00	50.00	95.00	140.00	185.00	230.00
Number of teachers recruited (CRI, Number)		0.00	10.00	15.00	20.00	25.00	30.00
Teachers recruited or trained - Female (RMS requirement) (CRI, Number)		0.00	35.00	65.00	92.00	116.00	138.00
Number of teachers trained (CRI, Number)		0.00	40.00	80.00	120.00	160.00	200.00
Students benefiting from direct interventions to enhance learning (CRI, Number)		0.00	400.00	1,200.00	1,800.00	2,400.00	3,000.00
Students benefiting from direct interventions to enhance learning - Female (CRI, Number)		0.00	260.00	770.00	1,135.00	1,465.00	1,800.00
Beneficiaries of job-focused interventions (CRI, Number)		0.00	450.00	1,295.00	1,940.00	2,585.00	3,230.00
Beneficiaries of job-focused interventions - Female (CRI, Number)		0.00	295.00	835.00	1,228.00	1,581.00	1,938.00
Gender parity index within TVET fields (weighted average) (Text)		TBD	No change	+1 percentage point	+2 percentage points	+3 percentage points	+4 percentage points
Component 2: Strengthening the Social Protection System.							
Improve policy and implementation framework for	DLI 4	Outdated SP policy, without an adaptive	a) Revised (adaptive) Social Protection Policy	Revised adaptive SP Policy (approved by	Revised adaptive SP Policy (approved by	Revised adaptive SP Policy (approved by	Completion of DLR12-14: Revised SP policy,



Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
social protection (Text)		approach; no graduation strategy in place; no updated operational manual.	approved by Cabinet (DLR12); and b) Graduation Strategy approved by Cabinet (DLR13)	Cabinet) and Graduation strategy (approved by Cabinet) under implementation. Updated PAP Operational Manual approved by Ministry of Equity (DLR14).	Cabinet) under implementation. Graduation strategy (approved by Cabinet) under implementation. Updated PAP Operational Manual (approved by Ministry of Equity) under implementation.	Cabinet) under implementation. Graduation strategy (approved by Cabinet) under implementation. Updated PAP Operational Manual (approved by Ministry of Equity) under implementation.	graduation strategy in place, and updated PAP operational manual
Percentage of PAP beneficiary households that are identified as eligible based on the revised targeting tool. (Percentage)		0.00	40.00	60.00	75.00	85.00	90.00
Number of PAP beneficiary households (Number)		2,396.00	2,396.00	2,396.00	3,000.00	3,000.00	3,600.00
Percentage of PAP beneficiary households that are female-headed (Number)		52.00	52.00	52.00	52.00	52.00	52.00
Percentage of households with information included in the social registry. (Percentage)		0.00	0.00	5.00	15.00	20.00	25.00
Percentage of the poor households (identified as eligible/poor based on revised targeting tool) with information included in the social registry. (Percentage)		0.00	0.00	15.00	30.00	50.00	70.00
Percentage of appeals and grievances addressed according to PAP protocol (withing standard time).		0.00	0.00	20.00	40.00	60.00	85.00



Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
(Percentage)							
Social Information System designed and core modules developed (Text)		No social information system designed or modules developed	Social Information System designed	i) intake and registration; ii) assessment of needs and conditions and determination of eligibility;	iii) georeferenced information module; iv) beneficiary registry	Social information system functional	Social information system functional

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Number of persons gaining enhanced TVET qualification (cumulative)	Cumulative number of persons awarded a technical qualification (e.g. CVQ, NVQ) since project effectiveness, in a field identified as a priority by the labor market needs assessment and/or MOE in collaboration with the TVET council, including modules on soft skills (e.g. employability and entrepreneurship skills).	Semiannual	TVET Database	Data query from the TVET database: enhanced qualifications awarded filtered by labor market priority fields.	PIU, TVET Council



<p>Number of persons with enhanced TVET qualification (Females)</p>	<p>Cumulative number of female persons awarded a technical qualification (e.g. CVQ, NVQ) since project effectiveness, in a field identified as a priority by the labor market needs assessment and/or MOE in collaboration with the TVET council, including modules on soft skills (e.g. employability and entrepreneurship skills).</p>	<p>Semiannual</p>	<p>TVET Database</p>	<p>Data query from the TVET database: enhanced qualifications awarded filtered by labor market priority fields.</p>	<p>PIU, TVET Council</p>
<p>Members of PAP Beneficiary Households</p>	<p>Cumulative number of persons in PAP beneficiary households awarded a technical qualification (e.g. CVQ, NVQ) since project effectiveness, in a field identified as a priority by the labor market needs assessment and/or MOE in collaboration with the TVET council, including modules on soft skills (e.g. employability and entrepreneurship skills).</p>	<p>Semiannual</p>	<p>TVET Database</p>	<p>Data query from the TVET database: enhanced qualifications awarded filtered by labor market priority fields.</p>	<p>PIU, TVET Council</p>
<p>Students at Special Needs Schools</p>	<p>Cumulative number of persons at special needs schools awarded a technical qualification (e.g. CVQ, NVQ) since project</p>	<p>Semiannual</p>	<p>TVET Database</p>	<p>Data query from the TVET database: enhanced qualifications awarded filtered by labor market priority</p>	<p>PIU, TVET Council</p>



	effectiveness, in a field identified as a priority by the labor market needs assessment and/or MoE in collaboration with the TVET council, including modules on soft skills (including employability and entrepreneurship skills).			fields.	
Number of PAP beneficiary households identified as poor based on the revised targeting tool.	The indicator can be calculated by multiplying the total number of PAP beneficiaries with the percentage of PAP beneficiaries that were identified as poor with the revised targeting tool.	Semiannual	Administrative records of the MoEQ	Administrative records of the MoEQ.	MoEQ
Percentage of PAP beneficiary households, identified as poor based on the revised targeting tool, that are female-headed	The total absolute number of PAP beneficiary households that, are identified as eligible based on the revised targeting tool, that report a female head of household divided by the total number of PAP beneficiary households that are identified as eligible based on the revised targeting tool (male and female heads of household), in percentage. Target is slightly above 50 percent to	Semiannual	Administrative records of the MoEQ	Administrative records of the MoEQ.	MoEQ



	reflect slightly prioritization for female-headed households, especially considering that they represent 52 percent of the poor population (as explained in the context section).				
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Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Strengthen and implement TVET enabling environment	(DLR1) MoE completes 2020 labor market needs assessment and transmits to the Bank; (DLR2) TVET Council funded in 2021-22 budget in accordance with staffing in TVET Policy and Strategy; (DLR3) "Established" means that: (i) at least one additional labor-market needs assessment conducted by Central Statistics Office with skills-specific questions, (ii) at least one future labor market needs assessment included in the National Budget, and (iii) TVET	Semiannual	TVET Council, Ministry of Education, Central Statistics Office, Budget Department	Policy results are observable by the PIU: (DLR1) completed assessment to be transmitted to the PIU; (DLR2) resources provided in 2021-22 budget document are commensurate with those required for the staffing in the TVET Policy and Strategy; (DLR3) completed assessment transmitted to the PIU, 2022-23 budget document includes future assessment, and annual	PIU



	<p>Council receives feedback from trainees through surveys administered through TVET database and includes a summary of the feedback and follow-up actions in their annual reporting cycle; (DLR4) Resource mobilization strategy identifying funding mechanisms for the sustainability of the TVET sector ,in accordance with the TVET Policy and Strategy, approved by Minister of Education..</p>			<p>reporting of TVET Council includes summary of feedback and follow-up measures; and (DLR4) letter from Minister of Education documenting approval and budget document, possibly including private-sector financing source (e.g. training fund, portion of Tourism Enhancement Fund, dedicated levy).</p>	
Strengthen TVET course offerings	<p>(DLR5) 80 TVET teachers and instructors in secondary or special needs schools and/or training institutions complete a worksite-based immersion program with the private sector; (DLR6) each secondary school and special needs school either offers at least one CVQ in a field identified as a priority from the labor market needs assessment or by the TVET Council, or has one accessible by its students within 50 km; (DLR7) nine</p>	Semiannual	TVET Council, Ministry of Education	<p>Audit department to review training records, approvals of CVQ programs and spot check for existence and enrollment of programs</p>	PIU



	CVQs at level 3-5 (or equivalent qualifications, as per CARICOM's equivalencies), including ECD, offered at post-secondary institutions and training institutions, in fields identified as priorities from the labor market needs assessment and/or by the TVET Council.				
Teachers recruited or trained		Semiannua 	TVET Unit	Compiled by TVET unit from MOE HR data and training records	PIU/TVET Unit
Number of teachers recruited		Semiannua 	TVET Unit	Compiled by TVET unit from MOE HR data	PIU/TVET Unit
Teachers recruited or trained - Female (RMS requirement)		Semiannua 	TVET Unit	Compiled by TVET unit from MOE HR data and training records	PIU/TVET Unit
Number of teachers trained		Semiannua 	TVET Unit	Compiled by TVET unit from training records	PIU/TVET Unit
Students benefiting from direct interventions to enhance learning		Semiannua 	TVET Database	Data query from the TVET database: enhanced qualifications awarded filtered by labor market priority fields.	PIU, TVET Council



Students benefiting from direct interventions to enhance learning - Female		Semiannua l	TVET Database	Data query from the TVET database: enhanced qualifications awarded filtered by labor market priority fields.	PIU, TVET Council
Beneficiaries of job-focused interventions		Semiannua l	TVET Database	Data query from the TVET database: enhanced qualifications awarded filtered by labor market priority fields.	PIU, TVET Council
Beneficiaries of job-focused interventions - Female		Semiannua l	TVET Database	Data query from the TVET database: enhanced qualifications awarded filtered by labor market priority fields.	PIU, TVET Council
Gender parity index within TVET fields (weighted average)	Gender parity index calculated for each TVET subject, average weighted by enrollment in that subject	Semiannua l	TVET Unit, TVET Database	Compiled from Ministry of Education statistical digest and TVET database query	PIU
Improve policy and implementation framework for social protection	(a) Revised adaptive social protection policy approved by Cabinet; and (b) Graduation Strategy approved by Cabinet.	Annual	Ministry of Equity provides evidence of the approvals of Cabinet;	Administrative.	Ministry of Equity, Social Justice, Local Government and Empowerment (MOEQ).



			Central Statistics Office shares the survey and related documents.		
Percentage of PAP beneficiary households that are identified as eligible based on the revised targeting tool.	PAP beneficiaries identified as eligible through the improved targeting methodology SL-NET 3.0 (or later version) divided by the total number of PAP beneficiaries, in percentage	Semiannual	Administrative records of the MoEQ. The Social Information System includes in the social registry the functionality to determine eligibility based on the revised targeting tool. Once this module of the system is functional, the information will come directly from the Social Information	Administrative records of the MoEQ.	MOEQ



			System. While the system is developed, the MoEQ will develop a provisional basic tool to calculate the targeting scores and determine eligibility of potential and actual beneficiaries with the revised targeting mechanism (SL-NET 3.0).		
Number of PAP beneficiary households	Total absolute number of PAP beneficiaries (male and female)	Semiannual	Administrative records of the MoEQ.	Administrative records of the MoEQ.	MoEQ
Percentage of PAP beneficiary households that are female-headed	Total absolute number of female-headed households that are PAP beneficiary households divided by the total absolute number of PAP beneficiary households,	Semiannual	Administrative records of the MoEQ.	Administrative records of the MoEQ.	MoEQ



	in percentage				
Percentage of households with information included in the social registry.	The number of Saint Lucian households with information in the social registry divided by the total number of Saint Lucian households, expressed in percentage.	Semiannual	MoEQ	Administrative - MoEQ	MoEQ.
Percentage of the poor households (identified as eligible/poor based on revised targeting tool) with information included in the social registry.	The number of Saint Lucian poor households with information in the social registry divided by the total number of Saint Lucian poor households, in percentage. The share of the population that is poor is 25 percent and this would be 100 percent of poor people. The targets were calculated assuming that roughly 80 percent of the people included in the registry would be poor, considering efforts to target them but acknowledging that it will not be 100 percent.	Semiannual	Ministry of Equity, Social Justice, Local Government and Empowerment (MOEQ).	Administrative	Ministry of Equity, Social Justice, Local Government and Empowerment (MOEQ).
Percentage of appeals and grievances addressed according to PAP protocol (withing standard time).	The number of appeals and grievances addressed through the defined PAP mechanism divided by the total number of appeals and	Semiannual	Ministry of Equity, Social Justice, Local Government and	Administrative	Ministry of Equity, Social Justice, Local Government and Empowerment (MOEQ)



	grievances of PAP, expressed in percentage. Addressed is defined as providing a final response, according to the protocols that will be established as part of the project activities.		Empowerment (MOEQ)		
Social Information System designed and core modules developed	The core modules that need to be included in the social information system are: i) intake and registration; ii) assessment of needs and conditions; iii) georeferenced information module; and iv) beneficiary registry. Other modules could be included later on.	Semiannual	MoEQ	Administrative	MoEQ

Disbursement Linked Indicators Matrix

DLI 1	Strengthen and implement TVET enabling environment			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Process	No	Text	2,000,000.00	10.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	0.00			
Effectiveness - March 31, 2021	DLR1: New labor market needs assessment completed by MoE		500,000.00	



April 1, 2021 - March 31, 2022	DLR2: TVET Council funded in the national budget in accordance with staffing requirements in TVET Policy and Strategy		500,000.00	
April 1, 2022 - March 31, 2023			0.00	
April 1, 2023 - March 31, 2024	DLR3: Periodic labor market needs assessment and beneficiary feedback mechanism established		500,000.00	
April 1, 2024 - March 31, 2025	DLR4: Resource Mobilization Strategy identifying funding mechanisms for the sustainability of the TVET sector (in accordance with the TVET Policy and Strategy) approved by MOE		500,000.00	
DLI 2	Strengthen TVET course offerings			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	Yes	Text	2,000,000.00	10.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	0.00			
Effectiveness - March 31, 2021			0.00	
April 1, 2021 - March 31, 2022	DLR 5: 80 TVET teachers and instructors in secondary or special needs schools and/or training institutions complete worksite-based immersion program		500,000.00	Linear, minimum 40



April 1, 2022 - March 31, 2023	DLR 6: All secondary schools and special needs schools provide access to at least one CVQ in selected sectors within a distance not to exceed 50 km.		1,000,000.00	Baseline: 9/27 schools (33%); linear, minimum 67%
April 1, 2023 - March 31, 2024	DLR7: Nine (9) CVQs at level 3-5 or equivalent TVET qualifications available in selected sectors		500,000.00	Linear, minimum 5
April 1, 2024 - March 31, 2025			0.00	
DLI 3	Increase provision of labor market-relevant skills			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Text	4,000,000.00	20.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	0.00			
Effectiveness - March 31, 2021			0.00	
April 1, 2021 - March 31, 2022	DLR 8: 1,200 students complete enhanced TVET qualification		1,000,000.00	Linear, minimum 600
April 1, 2022 - March 31, 2023	DLR 9: 1,800 students complete enhanced TVET qualification		1,000,000.00	Linear, minimum 1,500
April 1, 2023 - March 31, 2024	DLR 10: 2,400 students complete enhanced TVET qualification		1,000,000.00	Linear, minimum 2,100



April 1, 2024 - March 31, 2025	DLR 11: 3,000 students complete enhanced TVET qualification		1,000,000.00	Linear, minimum 2,700
DLI 4	Improve policy and implementation framework for social protection			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Text	3,000,000.00	15.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	Lack of 1) Updated SP policy, 2) graduation strategy, and 3) Updated Operational Manual of PAP. 0% of households in the social registry.			
Effectiveness - March 31, 2021	DLR 12: Revised (adaptive) Social Protection Policy approved by Cabinet (\$250,000); and DLR 13: Graduation Strategy approved by Cabinet (\$250,000)		500,000.00	Half each
April 1, 2021 - March 31, 2022	DLR 14: Updated PAP Operational Manual approved by MoEQ		500,000.00	None
April 1, 2022 - March 31, 2023	DLR 15: At least 15% of all households in the Recipient’s territory captured in its social registry		1,000,000.00	Scalable: Min 8%
April 1, 2023 - March 31, 2024	0.00		0.00	
April 1, 2024 - March 31, 2025	DLR 16: At least 25% of all households in the Recipient’s territory captured in its social registry		1,000,000.00	Scalable: Min. 20%



DLI 5		Improve PAP targeting and coverage		
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Text	4,500,000.00	22.50
Period	Value		Allocated Amount (USD)	Formula
Baseline	Revised targeting tool approved by Cabinet but not yet applied to current PAP beneficiaries, that is, none of the PAP beneficiaries have yet been determined eligible with the revised targeting tool. PAP beneficiary households baseline as of 2019 is 2,396.			
Effectiveness - March 31, 2021			0.00	
April 1, 2021 - March 31, 2022	DLR 17: At least 60% of all PAP Beneficiary Households (from a baseline of 2,396) identified as eligible based on revised targeting tool (SL-NET 3.0)		1,000,000.00	Scalable: Min. 30%
April 1, 2022 - March 31, 2023	DLR 18: Increased coverage to at least 3,000 PAP Beneficiary Households (i.e., an additional 604 PAP Beneficiary Households from a baseline of 2,396)		1,000,000.00	Scalable: Min. 2,700
April 1, 2023 - March 31, 2024	DLR 19: At least 85% of all PAP Beneficiary Households (from a baseline of 3,000) identified as eligible based on revised targeting tool (SL-NET 3.0)		1,500,000.00	Scalable: Min. 70%



April 1, 2024 - March 31, 2025	DLR 20: Increased coverage to at least 3,600 PAP Beneficiary Households (i.e., an additional 600 PAP Beneficiary Households from a baseline of 3,000)	1,000,000.00	Scalable: Min. 3,300
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Verification Protocol Table: Disbursement Linked Indicators

DLI 1	Strengthen and implement TVET enabling environment
Description	(DLR1) MoE completes 2020 labor market needs assessment and transmits to the Bank; (DLR2) TVET Council funded in 2021-22 budget in accordance with staffing in TVET Policy and Strategy; (DLR3) "Established" means that: (i) at least one additional labor-market needs assessment conducted by Central Statistics Office with skills-specific questions, (ii) at least one future labor market needs assessment included in the National Budget, and (iii) TVET Council receives feedback from trainees through surveys administered through TVET database and includes a summary of the feedback and follow-up actions in their annual reporting cycle; (DLR4) Resource mobilization strategy identifying funding mechanisms for the sustainability of the TVET sector ,in accordance with the TVET Policy and Strategy, approved by Minister of Education..
Data source/ Agency	TVET Council, Ministry of Education, Central Statistics Office, Budget Department
Verification Entity	PIU
Procedure	Policy results are observable by the PIU: (DLR1) completed assessment to be transmitted to the PIU; (DLR2) resources provided in 2021-22 budget document are commensurate with those required for the staffing in the TVET Policy and Strategy; (DLR3) completed assessment transmitted to the PIU, 2022-23 budget document includes future assessment, and annual reporting of TVET Council includes summary of feedback and follow-up measures; and (DLR4) letter from Minister of Education documenting approval and budget document, possibly including private-sector financing source (e.g. training fund, portion of Tourism Enhancement Fund, dedicated levy).



DLI 2	Strengthen TVET course offerings
Description	(DLR5) 80 TVET teachers and instructors in secondary or special needs schools and/or training institutions complete a worksite-based immersion program with the private sector; (DLR6) each secondary school and special needs school either offers at least one CVQ in a field identified as a priority from the labor market needs assessment or by the TVET Council, or has one accessible by its students within 50 km; (DLR7) nine CVQs at level 3-5 (or equivalent qualifications, as per CARICOM's equivalencies), including ECD, offered at post-secondary institutions and training institutions, in fields identified as priorities from the labor market needs assessment and/or by the TVET Council.
Data source/ Agency	TVET Council, Ministry of Education
Verification Entity	Audit Department
Procedure	Audit department to review training records, approvals of CVQ programs and spot check for existence and enrollment of programs.
DLI 3	Increase provision of labor market-relevant skills
Description	(DLRs 8-11) Cumulative number of persons (since effectiveness) awarded a technical qualification (e.g. CVQ, NVQ or equivalent, in a Selected Sector) and, if not already included in qualification, soft skills (including employability and/or entrepreneurship skills). Baseline at effectiveness is 0. "Selected sectors" refers to sectors identified as having skills shortages in the labor market needs assessment and/or identified as a priority by MoE in consultation with the TVET Council.
Data source/ Agency	TVET Database / TVET Council
Verification Entity	Audit Department
Procedure	Audit department to conduct Semiannual process checks on compilation of TVET qualification data and spot checks.
DLI 4	Improve policy and implementation framework for social protection
Description	(DLR 12 and 13) Revised SP policy identifies and addresses system gaps, promotes and enhances coordination and integration of SP system, and incorporates adaptive SP approach, and the graduations strategy incorporates specific actions to facilitate access to jobs and enabling services; (DLR 14) Updated Operational Manual with key elements such as referral



	protocols, emergency situations, and GRM, among others; (DLR 15) at least 15 percent of all households captured in the social registry; and (DLR 16) at least 25 percent of all households captured in the social registry.
Data source/ Agency	Ministry of Equity provides evidence of the approvals of Cabinet; Ministry of Equity provides evidence of approval of Operational Manual and data of social registry.
Verification Entity	The PIU is the verification entity for: SP policy approved by Cabinet and graduation strategy approved by Cabinet; and Operational Manual approved by Ministry of Equity; The Audit department is the verification entity for the indicators of the Social Registry
Procedure	Results observable by the PIU: (DLR 12 and 13) documentation of SP policy approved by Cabinet and documentation of graduation strategy approved by Cabinet; (DLR 14) documentation of Operational Manual approved by MoEQ; (DLR 15-16) Audit Department to verify the achievement of the number of households contained in the social registry.
DLI 5	Improve PAP targeting and coverage
Description	(DLR 17, 19) Revised targeting tool (SL-NET 3.0) implemented through a national recertification process of current PAP beneficiaries, that is, the updated socioeconomic questionnaire is applied to all households and updated targeting tool is used to determine eligibility status; At least certain percentage of PAP beneficiary households identified as eligible based on revised targeting tool (percentage of total beneficiary households); (DLR 18 and 20) total absolute number of PAP beneficiary households.
Data source/ Agency	MoEQ provides evidence of the application of the revised targeting tool (with the corresponding data); MoEQ provides data of the percentage of PAP beneficiary households identified as eligible with SL-NET 3.0 and on the number of total PAP beneficiary households.
Verification Entity	Audit Department
Procedure	Audit department to verify the achievement of the implementation of the revised targeting tool (percentage of current beneficiaries that have been recertified), the specified percentages of PAP beneficiary households identified as eligible based on SL-NET 3.0 and on the number of PAP beneficiary households.



ANNEX 1: Implementation Arrangements and Support Plan

COUNTRY: Saint Lucia

Saint Lucia Human Capital Resilience Project

Implementation Structure

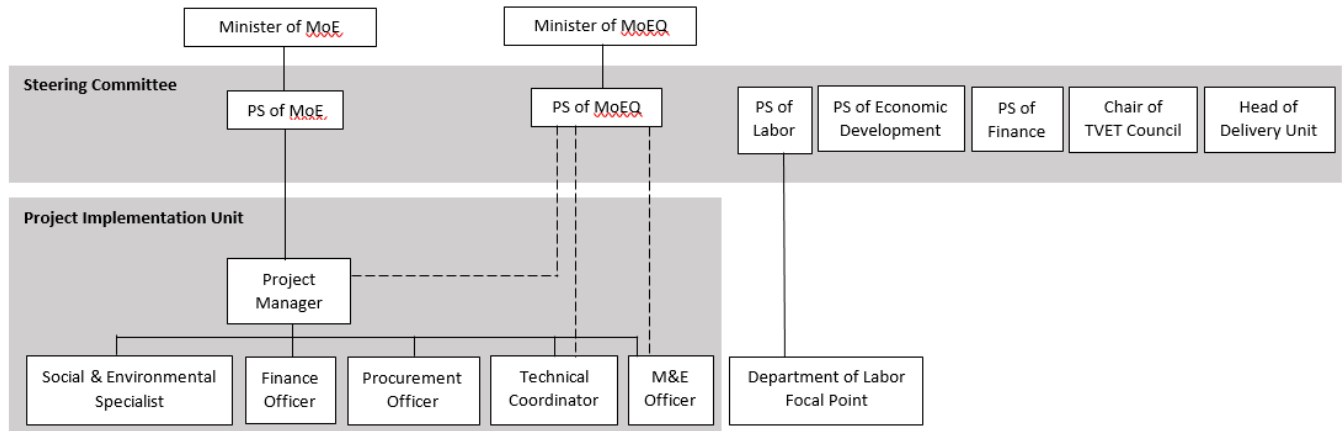
- 1. The implementing agencies for the Project will be the Ministry of Education, Innovation, Gender Relations and Sustainable Development and the Ministry of Equity, Social Justice, Local Government and Empowerment (MOEQ).** These Ministries will be responsible for the budgeting, scheduling, and execution of Project activities; requesting from the Ministry of Finance the resources needed to carry out Project activities and achieve the Disbursement-Linked Results; preparation of Terms of Reference (TORs) and selection of consultants/suppliers; supervision of activities; and results monitoring for their respective indicators. In addition, these ministries will coordinate with the Ministry of Labor and the Central Statistics Office to complete activities that fall within their purview (i.e. labor database and labor market needs assessment respectively).
- 2. A Project Implementation Unit (PIU) would be established in the Ministry of Education to manage the day-to-day operation of the Project.** MoE would build on the successful implementation experience of the SLU Education Quality Improvement Project financed by the Caribbean Development Bank (CDB) and the national activities under the regional Support to the OECS Education Strategy Project (P158836) financed by GPE. The PIU would consist of a Project Manager, a Technical Coordinator (Equity), a Finance Officer, Procurement Officer, a Monitoring & Evaluation Officer, and a Social and Environmental specialist. The Project Manager would report formally to the Permanent Secretary (PS) of Education with a dotted line to the PS of Equity. The Project Manager will have overall responsibility for the PIU and also serve as the technical coordinator for the TVET Component. The Technical Coordinator (Equity) would be responsible for the activities in Equity and would be formally assigned to the Ministry of Equity. The M&E officer, in addition to Project-wide M&E responsibilities, will be assigned to the Ministry of Equity to support capacity building in the Ministry's internal M&E as part of the Project activities. The Social and Environmental Officer(s) may be two separate part-time roles or one combined position. A focal point in the Department of Labor will be also appointed, to ensure coordination across activities that intersect with labor sector. The focal point will be a career Department of Labor officer and will not be employed under the Project.
- 3. The Project Manager will be recruited by the MOE, in coordination with the Ministry of Equity. The terms of reference will be drafted by MoE and reviewed by MoEQ, and both will be represented on the evaluation committee.** The recruitment process was started at Appraisal, with candidates selected by approval, so that contracts can be signed upon effectiveness (for the Project Manager, Procurement officer, Technical Coordinator (Equity), and Social and Environmental officer). The Procurement Officer may be recruited internationally due to limited availability of specialists with experience in Bank procurement in-country, and the TORs will include an additional mandate to build capacity in the MOE's procurement unit.



4. **An intragovernmental steering committee amongst policy makers in the central and line ministries will be established to engage on policy-level issues.** The Steering Committee would be accountable for the Project, coordinate amongst the ministries, and provide direction for the Project as needed. The Steering committee would comprise a subset of the existing Committee of Permanent Secretaries, including Economic Development, Finance, Education, Equity, and Labor, as well as the head of the Delivery Unit in the Office of the Prime Minister and the Chair of the TVET Council to ensure a link to industry.

5. **The Operational Manual, which was prepared with assistance from the World Bank, details the implementation arrangements.** The terms of reference for the PIU staff will be written to ensure that the PIU (aside from the Technical Coordinator in Equity) is responsible for activities across the whole Project. The PIU will be housed together in office spaces of the MoEQ. The PS of Economic Development will chair the group, and TORs for the Steering Committee are outlined in the Operational Manual.

6. **The Bank will provide close support to the PIU throughout implementation.** The Bank will undertake bi-annual missions to provide technical support and will provide ad hoc support as needed. In particular, the Bank will provide intensive support on fiduciary aspects. The Bank will work closely with the MOE to develop TORs and processes to hire the initial PIU staff, as well as provide on-going support for the procurement of equipment as well as consultancies.



Financial Management and Disbursement Arrangements

7. **The overall control environment in the Government is reasonably good as there are adequate financial rules, regulations and checks and balances.** The Government has been striving to improve the overall performance of its public administration and financial management. Based on the most recent Public Expenditure and Financial Accountability (PEFA) assessment of 2017, the Government showed a mixed public financial management performance. Budget planning and formulation systems are well advanced, debt management is strong and expenditure arrears are well controlled through appropriate cash management systems. In addition, external audit has traditionally been a strong institution. However, there are notable weaknesses in aspects of financial reporting, internal controls, procurement transparency, oversight of parastatals and public access to fiscal information. The Government has made progress on several reforms including revision of the national chart of account



and improvement to the budgeting system, all of which would enhance budget implementation, accounting and reporting processes of the education and equity programs to be financed under the Project. In addition, strengthening of Public Assistance and TVET systems through the proposed Project would help minimize fiduciary risks.

8. **The recipient should take timely actions to ensure the FM action plan is implemented satisfactorily within the agreed upon timeline.** This includes (1) establishing PIU staffed with qualified financial management specialist hired based on terms of reference acceptable to the World Bank (within one month after Project Effectiveness); and (2) Operational Manual, including Financial Management, now complete.

9. **The Project's FM and disbursement arrangements are streamlined to facilitate execution, avoid unnecessary incremental operational arrangements, and rely as much as possible on existing country systems.** The Government is using an Integrated Financial Management Information System (SmartStream), which is working well. SmartStream is used to prepare Government public accounts and donor-financed financial statements. The accounts for this Project will be integrated into SmartStream. The Office of the Accountant General will create the chart of accounts and budget classification and provide the PIU with access to SmartStream which would allow direct posting of project expenditures and generation of project expenditure statements. The PIU will work in close collaboration with the Accountant General, Director of Budget, implementing ministries, and other governmental agencies and departments. Although the PIU may be staffed with external consultants hired exclusively for the implementation of the World Bank-financed project, de facto, many of its activities will be mainstreamed with those of the government.

10. **Project budget will be prepared by the MoE and MoEQ in coordination with the PIU, based on pre-defined list of eligible expenditures which are integrated into the national budget and detailed in the OM.** Project budget will go through the Government's budget process and Project expenditures will be recorded in the Government's Accounting System (SmartStream). Through access to the reporting system (Neptune) the server pulls the data from the general ledger to produce financial reports. All expenditures will be subject to the Accountant General's internal audit review before payments are made and ex-post audit by the DoA. The PIU would provide additional control and review the documentation of all expenditures before any payment is made. The PIU and the MoF will monitor implementation of the budget. The budget year for the Government is from April 1 to March 31; the Project accounting year would follow the Government's accounting fiscal year. Project annual budgeting would be based on the cost tables and would be updated according to the latest information during project implementation. The approved annual budget would be included in the budget estimates, entered into SmartStream, and used for periodic comparison with actual results as part of the interim financial reporting.

11. **The PIU will be responsible for producing and submitting the IFRs to the Bank semi-annually.** These reports would provide required monitoring information and would be used for disbursement purposes along with evidence for achieving the DLRs. These reports would be prepared by the PIU on a semi-annual basis and submitted to the Bank no later than 45 days after the end of each reporting period. The annual financial statements would include the Project's sources and uses of funds, a



detailed analysis of project expenditures, a schedule of withdrawal applications presented during the year, a reconciliation of the DA, the notes to the financial information, and management representation letter. These reports would be prepared by the PIU and made available to both the internal and external auditors.

12. All expenditures will be audited by the internal auditors based in the Office of the AG prior to the issuance of payments and disbursements. The PIU would provide additional control and review the documentation of all expenditures before any payment is made. The OM reflects the structure of the PIU, administrative arrangements, internal control procedures, including procedures for authorization of expenditures, maintenance of records, safeguarding of assets, segregation of duties to avoid conflict of interest, regular reporting to ensure close monitoring of project activities, and the flow of funds to support project activities. The project-specific information such as the chart of accounts, the formats of the reports, etc., have been added as part of the annexes to the OM. The OM would be a living document and would be updated from time to time. Assets acquired by the Project would be in the custody of the respective participating ministries/implementing agencies, which would also keep copies of the supporting documentation. The PIU would maintain all supporting records of the Project.

13. The Office of the DoA will audit Project's expenditures under Component 1 and 2 on a semi-annual basis, and Project's financial statements will be audited annually. The PIU would prepare the auditors' terms of reference, which would be reviewed by the Bank before the engagement of the Auditor. The Project will finance consultancy contracts for two senior auditors to further support the DoA Team during the life of the Project. The DoA is responsible for auditing the country's public accounts, including projects funded by international organizations. The DoA has performed adequately in the past in terms of the quality of the audit reports provided and the timely delivery of annual audited financial statements for Bank-financed projects. The annual project financial statements would be audited in accordance with auditing standards issued by the International Organization of Supreme Audit Institutions and/or International Standards on Auditing issued by the International Federation of Accountants. The Project's annual audit report would need to be submitted to the Bank no later than six months following the end of the fiscal year. In accordance with the Bank's disclosure of information, the audited financial statement would be made publicly available. In addition to the above-mentioned annual audit of the Project accounts, the DoA will carry out semi-annual audit of the consolidated statement of eligible expenditures and verification of achieving the DLRs.

14. Disbursements for Components 1 and 2 would follow a results-based financing approach, based on DLIs and against presentation of eligible expenditures paid under the EEPs. The PIU would prepare and submit withdrawal applications using the reimbursement disbursement method and funds would flow through the Government's Consolidated Fund. Expenditures will be incurred through the Government's budget, and the Bank will reimburse eligible expenditures per the assigned values corresponding to the DLIs achieved with every verification cycle unless the amount of such eligible expenditures at the end of the cycle is less than the DLI values. In that case, the Bank will cap the reimbursement to the amount of eligible expenditures. If the Bank is not satisfied that a DLR has been achieved by the end of the respective DLR Period, then the Bank may decide to: (a) in the case of Scalable DLRs, authorize partial disbursement of the Allocated Amount for said DLR, for amounts corresponding to the degree of achievement of at least the minimum DLR defined for the respective



Scalable DLR, calculated in accordance with the procedures in the Financing Agreement and the Verification Protocols; (b) withhold all or a portion of the Allocated Amount to said DLR until such DLR has been satisfactorily met; or (c) cancel all or a portion of the Allocated Amount corresponding to said DLR.

15. **In the event that the Bank is satisfied that a DLR has been achieved before the respective DLR Period, the Bank may authorize the disbursement of the Allocated Amount for said DLR, provided that the borrower has also fulfilled the withdrawal requirements.** If, at any time, the Bank determines that any portion of the amounts withdrawn by the Borrower was made: (i) for ineligible expenditures; or (ii) not in compliance with the provisions of the Financing Agreement, the Borrower shall promptly refund any such amount to the Bank as the Bank shall specify by notice to the Borrower. The Bank shall cancel such refunded amount.

16. **Disbursement for Component 3 would be channeled through a Designated Account (DA) denominated in US dollars, which will be maintained by the PIU at the Bank of Saint Lucia.** Advances to the DA would be made based on the forecast of eligible expenditures for a six months period, based on IFRs. As eligible expenditures are incurred, the PIU would withdraw the amount to be financed by the Bank from the DA in accordance with the financing agreement. The PIU would operate a local currency account, to finance Project expenditures in local currency, where funds from the USD DA would be periodically transferred. These accounts would be operated in accordance with the procedures and guidelines set forth in the Bank’s Disbursement Guidelines.

Table 1.1: Category of Expenditures

Category	IDA Amount in USD	% of Expenditures to be financed by IDA (inclusive of taxes)
(1) Payments for EEPs for Component 1 of the Project	\$8,000,000	100% of the amount of the Loan allocated to each DLI 1, 2, and 3, as per the Disbursement-Linked Indicators Matrix
(2) Payments for EEPs for Component 2 of the Project	\$7,500,000	100% of the amount of the Loan allocated to each DLI 4 and 5, as per the Disbursement-Linked Indicators Matrix
(3) Goods, non-consulting services, consulting services, training and operating costs under Component 3 of the Project	\$4,500,000	100%
Total Amount	\$20,000,000	

17. **The Bank will provide close support to the PIU throughout implementation.** The Bank will undertake bi-annual missions to provide technical support and will provide ad hoc support as needed. In particular, the Bank will provide intensive support on fiduciary aspects. The Bank will work closely



with the MOE to develop TORs and processes to hire the initial PIU staff, as well as provide on-going support for the procurement of equipment as well as consultancies. As part of Project implementation support, the Bank would conduct risk-based financial management reviews, at appropriate intervals. These would pay particular attention to: (i) project accounting and internal control systems; (ii) budgeting and financial planning arrangements; (iii) review of the interim financial reports including eligible expenditure reports; (iv) review of audit and verification reports, including remedial actions recommended in the auditor’s management letters; (v) disbursement management and financial flows; and (vi) any incidences of corrupt practices involving project resources.

Procurement

18. **Procurement will be carried out in accordance with the “World Bank Procurement Regulations for IPF Borrowers” issued July 2016, revised November 2017 and August 2018 (“Procurement Regulations”).** The Bank’s Standard Procurement Documents shall be used for all contracts which are subject to opening international competitive procurement.

19. **When approaching the national market and as defined in the procurement plan, the country’s own procurement procedures may be used provided they meet the requirements for use of the National Procurement Procedures, as defined in Section V, paragraph 5.4 of the Procurement Regulations.** Where national procurement arrangements other than national open competitive procurement arrangements are applied by the Borrower, they shall be consistent with the Bank’s core procurement principles and shall be consistent with the requirements of paragraphs 5.5 – 5.6 of the Procurement Regulations.

Procurement to be financed under the Project

20. **During the first 18 months of project implementation, the contracts to be procured under the Project will be few in number and relatively simple in terms of the selection methods to be used to procure them (except for the social information system consultant). They will consist of:**

- a TVET Systems Consultancy, estimated to cost US\$300,000 to be procured by Consultant’s Qualification-based Selection (CQS);
- a Labor Market Needs Assessment Consultancy, estimated to cost US\$120,000 to be procured by Consultant’s Qualification-based Selection (CQS)
- An Equity communication consultancy firm, estimated to cost US\$ 60,000 to be procured by CQS;
- An IT - Social Information System Consultancy, estimated to cost US\$1,500,000, to be procured by QCBS;
- Individual Consultants (4) for IT, Social Protection and Data Entry, estimated cost ranges from 18,200 to US\$90,000.

21. **In the later years of implementation, the Project will finance the procurement of goods and equipment to be used in the delivery of TVET programs.** However, the types of goods, quantities, cost estimates and applicable selection methods will be defined only as outputs from the TVET systems consultancy, so will be added to the Project procurement plan during the implementation period. For



greater economy and to minimize the procurement workload on the Borrower, goods procurement will be consolidated into 1-2 large transactions, to be tendered on the basis of lots.

22. **The Project Procurement Strategy for Development and a Procurement Plan was agreed with the Bank during appraisal.** The Procurement Plan will be updated in agreement with the Bank annually or as required to reflect the actual project implementation needs of the Project.

23. **The Bank’s Systematic Tracking and Exchanges in Procurement (STEP) system will be used to prepare, clear and update the Procurement Plans and conduct procurement transactions for the Project.** This textual part along with the Procurement Plan tables in STEP constitute the Procurement Plan for the Project.

24. **The following applies to all procurement activities in the procurement plan:**

- a. The Borrower shall prepare and submit to the Bank a General Procurement Notice (GPN) and the Bank will arrange for publication of GPN in United Nations Development Business (UNDB) online and on the Bank’s external website. The Borrower may also publish it in at least one national newspaper.
- b. For open, international competitive procurement, the Borrower shall publish the Specific Procurement Notices (SPN) for all goods, non-consulting services, and the Requests for Expressions of Interest on its free-access website, if available, and in at least one newspaper of national circulation in the Borrower’s country, and in the official gazette. For open international procurement selection of consultants using an international shortlist, the Borrower shall also publish the SPN in UNDB online and, if possible, in an international newspaper of wide circulation; and the Bank shall arrange for the simultaneous publication of the SPN on its external website.

25. **Procurement Risk Rating.** The Project procurement risk prior to the mitigation is rated as Substantial, mainly based on the Ministry of Education’s inexperience in World Bank Procurement Regulations. After mitigation measures, the residual risk is rated as Moderate. The risk mitigation measures include that (i) the Ministry of Education will hire a dedicated Procurement Officer to conduct procurement under the Project no later than one month after effectiveness; (ii) procurement in the early period of project implementation is limited to two simple selection processes for consulting firms and one individual consultant, to be undertaken when the Procurement Officer is in place; (iii) procurement of the large IT consultancy contract will require an international procurement expert to be seconded to the procurement arrangements of the PIU; (iv) goods procurement, to be conducted in the outer years of implementation, will be grouped into 1 or 2 packages in order to reduce the procurement workload on the implementing agencies.

The following are the prior review thresholds applicable to Saint Lucia.

Table 1.2: Procurement Prior Review Thresholds (US\$ millions) for Saint Lucia

Type of procurement	High risk	Substantial risk	Moderate risk	Low risk
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Goods, information technology and non-consulting services	0.5	2	4	6
Consulting Services: firms	0.5	1	2	4
Consulting Services: individuals	0.2	0.3	0.4	0.5

The prior review thresholds applicable to moderate risk contracts will apply to the Project. Even below the prior review thresholds, the Project team will provide extensive procurement support and hand-holding to the Borrower’s staff in order to support them in conducting procurement.



ANNEX 2: Detailed Project Description

- 1. The objectives of the Project are to improve the labor market relevance of skills as well as the coverage and efficiency of the social protection system in Saint Lucia.** The Project will support the Government of Saint Lucia in strengthening the resilience of Saint Lucia’s population by addressing drivers of unemployment as well as vulnerability to poverty in a context of increasing exposure to climate change risks.
- 2. To this end, the Project will follow a two-pronged approach, integrating both the strengthening of TVET and of the social protection system.** In particular, the skills component will focus on the promotion of more and higher quality technical and socio-emotional skills and the transformation of the TVET sector from a supply-driven system to a demand-driven system that responds to changing labor market conditions. The social protection component will concentrate on strengthening the social protection policy framework, improving targeting and increasing the coverage of the poor with social safety nets and enhancing the implementation of flagship social programs. These components are complementary, and both contribute to increasing human capital and resilience, albeit through different mechanisms.³⁰ The graduation strategy and linkages through the social registry are elements where the two components are integrated to build paths to self-reliance through skills acquisition for beneficiaries of the social safety net programs.
- 3. The Project objectives and activities are aligned with a results-based approach.** For TVET, the Project is intended not simply to provide inputs to schools and training institutions, but to transform the existing TVET system into one that is demand-driven and responsive to changing labor market conditions. For social protection, the Project seeks not only to expand benefits and services to the poor, but to improve targeting (greater inclusion of poor households) and implementation of public assistance, increase responsiveness to shocks, and help households graduate from poverty. The results-based approach will help promote the mindset shift required for these reforms, while at the same time the results chain is simple enough that executing the key inputs with quality should be sufficient to achieve the core results. Both components involve a combination of “enabling environment” interventions, which are low cost in budgetary terms but require policy and political focus and mobilization; and expansion of services, which require additional resources. By tying disbursements to results as well as expenditures, the IPF with DLI modality helps ensure that the policy reforms actually take place and are coordinated with the expansion of services.

³⁰ For the TVET component, the improvement of TVET policy directly improves human capital and resilience, given that individuals that take TVET acquire skills and individuals with more skills are more employable and adaptable, which could contribute to avoid some of the more dire impacts of shocks. Moreover, as needed, the TVET component will also include the completion by TVET graduates of a module on climate change, which may be general or incorporated into their technical area (e.g. climate-resilient agriculture, hurricane-resilient construction, environmental education for ECD). For the Social Protection Component, increasing the asset base and income of the poor and vulnerable also promotes human capital development and increases resilience and. Also, the updated policy framework and procedures of the flagship programs would include additional measures to ensure coordination with climate change and disaster risk management agencies, ensure programs are scalable (vertically and horizontally), and include information on exposure and vulnerability of households to hazards and climate change related risks, which could allow the prevention, mitigation and rapid response in the case that a natural disaster takes place.



Component 1: Strengthening Technical and Vocational Education and Training (TVET) (US\$8 million)

4. **This component contributes to the achievement of the Project development objective by increasing provision of labor market-relevant skills.** The component will support the transformation of the TVET sector to a more demand-driven, sustainable, and inclusive system. This includes building the enabling environment to link TVET offerings to labor market needs and updating and enhancing TVET offerings. By increasing provision of labor market-relevant skills to more Saint Lucians – including secondary school and special needs school students, youth, and adults – the component will help build human capital, contributing to the broader goals of enhancing productivity and increasing employment and resilience.

5. **The TVET Council is the apex institution for TVET in Saint Lucia but is not yet prepared to fulfill its mandate.** The TVET Council³¹ is responsible for coordinating and monitoring TVET policies and programs at the national level, awarding CVQs and NVQs, and providing a forum for private-sector input into the development of training programs and job-based training such as internships. It is a 10-member council, comprising representatives of the government, employers and unions; and a small secretariat, at present funded entirely by revenues generated from awarding CVQs. The Council currently falls short in fulfilling its mandate because of a lack of human resources; limited visibility and credibility among key actors, especially in the private sector; and poorly developed channels of accountability upward to MOE and downward to training institutions. Reliant on revenues from awarding CVQs and lacking its own dedicated allocation in the government budget, the Council has insufficient human resources and incentives to develop and implement an annual plan for TVET (as mandated by the Education Act of 1999), monitor the alignment of TVET offerings with labor market needs, coordinate updates to training offerings (including training and re-training of instructors), and develop significant new partnerships with the private sector (e.g. internship programs). In the absence of a well-functioning TVET Council, the TVET unit of the MOE coordinates the provision of TVET within the school system, but similarly lacks the capacity to build a system that is responsive to employer demand for skills.

6. **Provision of TVET in Saint Lucia is minimally responsive to labor market needs.** TVET providers consist of 9 of 22 secondary schools, two post-secondary institutions (Vieux Fort Post-Secondary Department and Sir Arthur Lewis Community College), and two skills training institutions catering to out-of-school youth and adults (National Skills Development Corporation and the National Enrichment and Learning Programme). The National Apprenticeship Program (NAP) offers classroom-based and on-the-job training primarily in the hospitality sector. There is also one private skills training institution, the Centre for Adolescent Renewal and Education (CARE), and five private postsecondary institutions, which account for approximately one quarter of total enrollment. Secondary school offerings are based primarily on convenience rather than labor market needs. The skills training institutions are more labor market-oriented than secondary schools, providing training based on requests from public ministries, employers, and donors on an ad-hoc basis. However, current CVQ offerings are almost exclusively at Levels 1 and 2, and in the absence of a comprehensive implementation plan to address labor market needs systematically, including high level CVQs (Levels 3 to 5), these skills needs are largely unsatisfied.

³¹ Established in November 2007 under the Education Act 1999.



7. **The existing system provides internships as part of TVET programs, but these are not well coordinated and may be too limited to support labor-market entry.** Post-secondary TVET programs typically include an internship component through ad-hoc arrangements with employers, but the TVET Council lacks the capacity to develop strategic partnerships with the private sector to develop longer, more varied, and higher-quality internship and job placement opportunities. The National Apprenticeship Program (NAP), established in the Office of the Prime Minister in March 2018, provides 3 months of classroom training followed by a 1-month job placement. While some graduates of the program have been retained by employers, international evidence suggests that a longer placement (i.e. 3-6 months) would be more conducive to labor market attachment. NAP participants must secure a loan of 4,500 XCD (US\$1,665), limiting opportunities for lower-income participants. The program is also disconnected from the larger TVET system and includes relatively few sectors: to date, the majority of placements have been in the hospitality sector, with an additional partnership with an artificial intelligence (AI) lab. The Government of Saint Lucia, with leadership from the TVET Council, is considering strengthening the role of NAP as a coordinating agency for on-the-job training opportunities for the larger TVET system.

8. **The TVET sector is undergoing substantial reforms, to be supported by the Project.** The TVET Council and the St Lucia Government conducted a national consultative process to develop the St Lucia TVET policy and Strategy 2019-2025, which was approved by the Cabinet on September 9, 2019. It will guide the development of the TVET system for a 5-year period, with the goal of transforming it to a more inclusive and demand-driven system. It also aims at contributing to the achievement of the Sustainable Development Goals (SDGs), namely the SDG 4: ensure inclusive and equitable quality education and promote lifelong learning opportunities for all; and the SDG 8: promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all. The Project will also support the government in its achievement of targets set by the Saint Lucia Social and Economic Labs convened by the Office of the Prime Minister from October-December 2018.

Subcomponent 1.1: Strengthening the Enabling Environment for TVET. (Total DLI value: US\$2 million.)

9. This subcomponent is associated with DLI 1 and will strengthen the enabling framework to the delivery of labor market-relevant TVET through: (i) establishing a periodic labor market needs assessment to gauge private, public, and informal sector needs for technical and non-technical (e.g. socio-emotional) skills; (ii) supporting the implementation of the TVET Policy and Strategy through human resourcing of the TVET Council as per the Policy, development of more systematic mechanisms for creating new programs relevant to labor market needs, and enhancements in public accountability for results; (iii) measures to increase gender inclusivity and inclusion of persons with disabilities in the TVET sector; (iv) strengthening linkages between TVET and industry internships and job placements; and (v) developing a resource mobilization strategy to ensure that after the Project closes the sector will be financed on a sustainable basis

10. **A periodic labor market needs assessment will be established to gauge private, public, and informal sector needs for technical and non-technical (e.g. socio-emotional) skills.** Due to temporary capacity limitations in the Central Statistics Office associated with the 2020 census, the first assessment will be contracted to a consulting firm to be procured under the Project. The questionnaire is expected to borrow from the Bank's STEP skills measurement survey methodology and include questions on career-specific skills, employability skills, and digital skills. This output will be defined as DLR 1, with the intention



that the CSO will update these elements for the next administration of the assessment and continue to implement the comprehensive assessment at least biannually from 2021 onward. DLR 3 (Periodic labor market needs assessment and beneficiary feedback mechanism established) will be defined by (1) successful completion of at least one additional needs assessment by CSO, (2) inclusion of the assessment in future budgets, and (3) a mechanism to collect beneficiary feedback and job-market outcomes from trainees through the databases. To ensure that these sources of information are integrated and used in the TVET Council's decision-making process, they will become part of the TVET Council's annual reporting to MOE and the public as discussed below. When the labor database becomes fully functional, a mechanism for reporting to the TVET Council on information on skills demand generated from that database will also be established. The Project will support some TVET courses which will commence before the labor market needs assessment is complete in the first year. However, the Project also provides for the MoE and TVET Council to determine the selected sectors and will be able to do so before the needs assessment comes online through existing sources of information (including data from the Labor Department on permits for overseas workers, the final report of the Social and Economic Labs, and direct consultations with industry). Given that the direct budget costs of achieving these DLRs are limited, apart from approximately US\$120,000 to contract out the first labor market needs assessment and US\$75,000 per year to conduct it under the CSO thereafter, these DLRs will disburse primarily toward eligible expenditures in schools and training institutions, including salaries of teachers and TVET instructors, training costs, and stipends.

11. **The subcomponent will support implementation of the TVET Policy and Strategy, beginning with adequate resourcing of the TVET Council.** The TVET Policy and Strategy was approved by Cabinet on September 9, 2019. In line with best practice, the Policy focuses on developing closer linkages with industry, mobilizing sustainable financing for the sector, and fostering inclusivity. The next step is to create a detailed year-by-year implementation plan to effectively execute the strategy. This plan will be developed by the TVET unit at the Ministry and the TVET council, assisted by the TVET consultants (see subcomponent 3.1). The approved TVET Policy calls for an expansion of the staffing of the TVET Council Secretariat to build its capacity to manage the sector. The Project will support the staffing costs of the TVET Council, while non-staffing costs of the TVET Council will continue to be covered by revenues generated by the council through awarding CVQs. TVET Council staffing will be included as a distinct budget line beginning in the FY20-21 budget. These activities are associated with DLR 2 (TVET Council funded in accordance with staffing requirements in TVET Policy and Strategy). As the direct budget costs of achieving this DLR is limited, apart from approximately US\$185,000 per year to staff the TVET Secretariat, this DLR will disburse primarily toward eligible expenditures in schools and training institutions.

12. **With TA support, the TVET Council will initiate an annual process of updating TVET offerings at training institutions, secondary schools, and special needs schools; and of reporting to MoE and the public on the performance of the TVET system.** Beginning in September 2020, the TVET Council will release a summary of desired offerings based on the labor market needs assessment and other strategic priorities 12 months in advance for each school year, along with a request for proposals from training providers. With assistance and coordination from the TVET Unit, schools and institutions will develop plans that include staffing, equipment, and teacher/trainer professional development needs – including, if needed, reskilling of trainers who work in lower-priority fields. The proposals will need to be included in MoEs budget request for the following year. As a condition of receiving future funding, schools and



training institutions will be required to report regularly both on these inputs (e.g. teachers trained, students enrolled) and outcomes (e.g. CVQ units and full CVQs/NVQs awarded, internships and worksite-based training secured and completed, and initial labor market outcomes) through the TVET database. The TVET Unit will manage the process throughout to ensure that higher-level objectives are fulfilled, including the Project targets for higher-level CVQs and availability of CVQs for all secondary and special needs school students. At the same time, the visibility and accountability of the TVET Council will be enhanced by implementing an annual reporting cycle on the performance of the Council and the TVET system and progress toward implementation of the Policy and Strategy. This will include a written report and a public release event on the findings of the labor market needs assessment system, steps taken to respond to new needs and priorities identified, and progress against milestones in the Policy and Strategy.

13. **In accordance with the TVET Policy and Strategy, public awareness and training activities will be implemented with a view to reducing gender disparities and increasing accessibility for persons with disabilities.** The public awareness campaign will seek to counteract gender and ability stereotypes about TVET fields through positive portrayals of trainees and graduates in non-gender-stereotypical roles (e.g. female construction workers and male early childhood providers) and those living and working with disabilities. With support from the TVET Systems Consultants, training programs will also be developed for TVET institutional leaders and instructors to counteract various forms of bias and promote techniques for fostering a welcoming environment for students of different genders and abilities. These activities will be implemented by the technical team at the expanded TVET Council Secretariat, to be financed through the Project during the life of the Project.

14. **Statistical capacity will be improved, across Ministries engaged in labor market skills development.** The TVET Council has an existing database to capture training institutions, trainees, and credentials, but it is not well maintained or utilized, in part because of limited staffing at the TVET Council secretariat. The TVET consultancy will support the Council in developing adequate business processes to operationalize the database, and a second, smaller, consultancy will support the data entry of the current backlog, including working with the Council to input existing data and working with the training institutions to collect their data. In parallel, the Ministry of Labor (MoL) are currently working on a employers and job seekers database with ILO. The Project will coordinate with MoL, MoEQ, and the Caribbean Digital Transformation Program (P171528, under preparation) to ensure interoperability between databases and capture synergies between these digitization efforts. In particular, the TVET and Labor databases could be linked so that credentials in the Labor database can be verified by the TVET database, and the Labor database could be designed to collect and report on skills sought by employers as an input into TVET Council planning. The TVET database will ultimately be linked with the social registry to be developed under Component 2. By enabling TVET institutions to access relevant household-level information with safeguards for confidentiality, the social registry will enable institutions to determine eligibility for financial assistance with tuition and certification costs more efficiently.

15. **A national approach to internships and other forms of on-the-job training will be developed and institutionalized.** The TVET Policy and Strategy also calls for development of more internship and apprenticeship programs to ensure a successful transition to the labor market. With support from the TVET System Consultants, the Project will develop a national approach to internships. Key elements of the approach will be the development of standards, including length of internships and other on-the-job placements; new strategic partnerships with employers; a rationalization of existing offerings in



coordination with the wider rationalization of TVET programs; inclusion of internship opportunities in the TVET database; and reforms to the implementation structure to ensure better coordination across NAP and other training institutions, potentially with a revamped NAP as a lead agency. Although TVET institutions have to date been able to provide internships without direct incentives to employers, the approach will also consider ways that incentives for employers to accept trainees for longer and higher-quality placements could be strengthened. For example, incentives to accept interns could be built into a broader reform of the government's incentive system for the tourism sector.

16. **A resource mobilization strategy will help ensure sustainable financing of the sector after the Project closes.** With support from the TVET System Consultants, the Project will develop a sustainable funding model for the TVET Council, and the sector more broadly, to ensure continuity of the reforms to the system supported by project financing. In accordance with the TVET Policy and Strategy, this will include mobilization of resources from the private sector. Options discussed in the Policy and Strategy include dedicating a portion of the Tourism Enhancement Fund to training in the hospitality industry and creating a training fund based on private-sector contributions.³² DLR 4 will be the approval of the model by the Minister of Education. Since there are no budget costs expected in association with the strategy, it will disburse toward eligible expenditures in schools and training institutions.

Subcomponent 1.2: Improved TVET Offerings (Total DLI value: US\$6 million)

17. This subcomponent will enhance the labor market-relevance of TVET offerings at secondary schools, postsecondary institutions, and skills training institutions, through: (i) rationalization of programs, informed by the labor market needs assessment and skills program diagnostic; (ii) professional development for TVET trainers, including a trainer immersion program in partnership with employers, which will help improve industry knowledge and potentially re-skill trainers for higher-priority areas; (iii) development of new TVET offerings - including higher-level CVQs - in sectors identified as having skills shortages in the labor market needs assessment and/or being strategic priorities identified by the TVET Council; and (iv) (a) support for students undertaking industry internships and job placements, through stipends; and (b) support to lower-income students to access TVET, through the financing of tuition certification costs, and stipends.

18. **The labor market needs assessment will help inform an initial rationalization, and consistent updating, of TVET offerings.** The TVET Systems Consultants, to be procured under Subcomponent 3.1, will provide Technical Assistance to the TVET Council and the Ministry of Education in an initial streamlining and rationalization of TVET offerings – which are often duplicated across training institutions – and in using the ongoing assessments to continuously reoptimize the mix of offerings. Particular attention will be given to identifying efficiencies in space and equipment, and in particular sharing access to equipment across schools, institutions, and employers.

19. **Professional development for TVET trainers, including a trainer immersion program in partnership with employers, will help improve industry knowledge and potentially re-skill trainers for higher-priority areas, while also equipping trainers to foster more inclusive TVET learning environments.** The beneficiaries of the immersion program will be secondary school TVET teachers,

³² The Tourism Enhancement Fund collects voluntary US\$2 contributions from resort guests and visitors and supports a range of infrastructure, beautification, and educational programs.



trainers without previous industry knowledge, and candidates for upskilling based on current industry practices. At least 40 trainers will benefit from a two-week, worksite-based training, every year during the Project life. Initially at least 40 percent of these placements will be climate-related, with priority areas in agriculture (e.g. drought-resistant agriculture techniques), energy (e.g. solar panel installation) and resilient construction. The initial two years of the immersion program are associated with DLR 5, which will disburse against eligible expenditures including the cost of training delivery, a subsistence and transport stipend for the trainer immersion program, and materials for the trainer immersion program; as well as eligible expenditures at schools and training institutions. The subcomponent will also support further professional development activities for trainers in accordance with the TVET Policy and Strategy and will be coordinated with the trainings described under subcomponent 1.1 on accommodating the needs of diverse learners and overcoming gender stereotypes and other forms of bias.

20. New TVET offerings - including higher-level CVQs – will be developed in sectors identified as having skills shortages in the labor market needs assessment and/or being strategic priorities identified by MoE in consultation with the TVET Council. Two key priorities are ensuring that students at all secondary schools and special needs schools have access to at least one CVQ linked to labor market needs (DLR6) and developing at least eight new CVQ offerings at level 3 and above, in addition to the one level 3 CVQ which is already available (DLR7).³³ One area already identified for higher-level CVQs is Early Childhood Development, where regulations call for all early childhood centers to have a supervisor or administrator at CVQ level 3 or above, but none currently do. Consideration will also be given to digital skill development priorities identified through the forthcoming Digital Economy Project. To achieve these results, eligible expenditures will include hiring and training/retraining of teachers and trainers. These expenditures will be supported with procurement of industry-standard equipment in facilities approved as structurally sound and possessing adequate space and utilities (as described under Subcomponent 3.2).

21. At all levels, new and existing TVET offerings will be enhanced with supplemental training modules on socio-emotional skills (including life skills and entrepreneurship skills), and on climate change as relevant to each field, to enhance the flexibility of trainees' skill sets. For the purposes of the PDO indicator and DLRs 8-11, the enhanced TVET qualifications will be defined to include not only a technical/vocational qualification (such as a CVQ, NVQ or the equivalent), but also these cross-cutting skill sets. Soft skills training currently exists in Saint Lucia's TVET system, but in a piecemeal and uncoordinated fashion – for example, some CVQs include employability skills, though these are regarded as being insufficient to make a meaningful change for beneficiaries; while CARE provides extensive life-skills training to adolescents enrolled in its programs. With technical support from the TVET System Consultants, the existing offerings will be reviewed and a more coherent strategy for socio-emotional skills training developed and implemented, informed by international evidence and best practices. The Project will also ensure that TVET graduates in relevant fields complete a module on climate change, which may be general or incorporated into their technical area (e.g. climate-resilient agriculture, hurricane-resilient construction) as appropriate.

22. Stipends for internships and initial job placements will be provided, as well as financial support for lower-income students, including financing of stipends, tuition and certification costs. Depending on the structure and length of the specific TVET program, this may take the form of a full-time internship as a capstone experience prior to the awarding of the CVQ or other qualification, or a minimum three-

³³ Level 3 CVQ is already available in Massage Therapy, as this qualification is legally required for practitioners.



month initial job placement after the awarding of the CVQ, which would also constitute an indirect incentive to employers for longer-term retention. The stipends will provide a basic living allowance, and their eligibility criteria, application procedures, and requirements for receiving and maintaining the financial support are elaborated in the Operational Manual for the Project. Given the expense of the internship stipends, the Project will not be able to support all recipients of enhanced TVET qualifications in internships and job placements, so criteria will be established that take into account priority sectors and applicant characteristics such as merit, poverty and disability. The waiver of CVQ certification fees would be provided to all recipients of financial support under the Project and would cover the costs of the practical assessment of competencies and the awarding of the credential. These subsidies will be part of the eligible expenditures under DLRs 8-11, which track the number of students completing enhanced TVET qualifications.

Component 2: Strengthening the Social Protection System (US\$7.5 million)

23. The SP system strengthening component contributes to the achievement of the Project development objective by increasing the efficiency and coverage of the SP system. This will be accomplished by enhancing the SP policy framework and targeting, increasing the coverage of the poor with the Public Assistance Program, and improving the delivery procedures and systems of the main social protection programs. The ultimate objective of this component is to contribute to the long-term goal of building equity, opportunity and resilience by supporting investments in human capital and helping to insure against shocks and protect households from poverty and destitution.

24. The strengthening of the SP system will address the issue of vulnerability to poverty at two levels: 1) policy framework and 2) improved coverage and implementation of flagship programs. Supporting the development of the social protection policy framework will ensure a strong foundation for a system with an adaptive approach that will recognize the importance of integrated social benefits and services. Some of the integrated social services will include interlinkages across programs and a graduation strategy for the poor, enabling the acquisition of skills. The SP system will significantly increase its efficiency through the implementation of the updated targeting mechanism, SL-NET 3.0. The Project will support the coverage expansion of PAP and focus on the development of clear procedures, a strong delivery system through a social information system, and capacity building activities to ensure sustainability. Moreover, the social information system further supports an integrated approach since it could inform other sectors such as the Ministry of Health or of Education to determine eligibility for subsidies and exemptions.

25. The eligible expenditures under the social protection component will be the direct investment in human capital through the cash transfers for the poor and vulnerable, which have demonstrated substantial positive impacts in multiple human development outcomes in a wide variety of countries across the globe (Bastagli et al, 2016). The disbursement will be toward the MoEQ's expenditures for the Public Assistance Program. The activities included under subcomponent 2.1 and subcomponent 2.2 will directly strengthen the social protection system through the improvement of the policy framework, targeting mechanism and the implementation of the flagship social protection programs (including PAP's coverage expansion of the poor). The detailed eligible expenditures are included in Annex 1.



26. **Moreover, the poor will be receiving additional support under the Project with increased PAP coverage, enhanced efficiency, and an integrated approach to support beneficiary households.** First, the coverage of the Public Assistance Program is expected to increase from 2,396 beneficiary households registered in 2018 (World Bank, 2018) to at least 3,600 beneficiary households during project implementation (increased coverage of approximately 50 percent). Second, the number of poor beneficiary households will increase not only because the absolute number of PAP beneficiary households will increase, but also because the Project will support the improvement of PAP targeting. This will ultimately reduce inclusion and exclusion errors, thereby optimizing spending and impact by accurately focusing on the most vulnerable populations that may previously have been left out. Third, PAP currently focuses mostly on the person of the household that needs the cash assistance. However, going forward and as part of the Project activities, the MoEQ will increase its focus on the household which is justified given the well-established literature on income-sharing within the household, other well-documented positive intra-household effects on development outcomes and an integral approach to serve the different members of the household through an integral strategy that will include, for instance, the graduation strategy and connecting potential social assistance beneficiaries to multiple benefits and services beyond social safety nets (e.g. training, health insurance subsidies or exemptions).

Subcomponent 2.1: Strengthened social protection policy framework (DLI value: US\$3.0 million)

27. **This Subcomponent will support the strengthening of the social protection policy framework.** It will do so through: (i) a review and revision of the national social protection policy to identify systemic gaps and enhanced coordination mechanisms and to integrate an adaptive social protection approach³⁴; (ii) the development and implementation of a graduation strategy for social assistance household recipients to facilitate access to jobs and enabling services such as TVET through Cash Transfers which may include transport and childcare subsidies, among others, in accordance with the PAP; and (iii) the development and implementation of the improved targeting tool (SL-NET 3.0) to improve selection of beneficiaries based on poverty levels.

28. **The national social protection policy will be reviewed and revised.** The updated Policy will address the benefits of including an adaptive social protection approach, with a strong emphasis on an evidence-based policy.³⁵ The policy will reflect the underlying analysis of the existing vulnerabilities and risks to shocks to address the shortcomings in the policy framework and will consider the intersectoral opportunities and recommendations from the National Adaptation Plan 2018-2028, including enhanced coordination with climate change and disaster risk management agencies. Other measures that will be considered in the updated policy framework and could increase resilience include: to increase coverage

³⁴ This will focus on having a set of social protection interventions that contribute building resilience before shocks and that can be delivered in a timely and efficient manner after a shock. For instance, social protection programs need to be scalable and ready to operate under disaster circumstances (with protocols and procedures in place). The adaptive social protection approach also promotes interinstitutional coordination with disaster risk management agencies and the establishment of financing mechanisms in case of shocks (part of the broader disaster risk financing strategy). Finally, social information systems need to include information of the poor and vulnerable, be dynamic, and incorporate exposure and vulnerability to hazards and climate related risks as part of the regular information collected (e.g. geo-referenced information and quality of housing materials).

³⁵ To have a strong evidence-base, the social protection system in Saint Lucia needs to incorporate a monitoring and evaluation framework that allows to establish the M&E system architecture and considers the most important needs of policymakers and citizens.



of social safety nets, to ensure social programs' scalability to respond to shocks, to promote human capital formation and livelihood diversification, and to collect information on exposure and vulnerability to hazards, among others. Overall, the SP policy will establish the foundational principles of the SP system, which will need to be taken into consideration in the operational procedures of the main flagship programs such as PAP and KSL. Also, a revision of the Planning and Implementation Framework will be completed, and technical assistance will be provided in support of the social protection legislation. DLR12 will disburse upon Cabinet approval of the social protection policy and the eligible expenditures have been documented. The direct budget costs of achieving this DLR is limited, yet its importance towards the achievement of the PDO to strengthen the social protection policy framework is substantial. This DLR will finance eligible expenditures in public assistance subsidies, which will be closely impacted by Cabinet approval of SP policy.

29. **A graduation strategy will be developed and implemented to strengthen the focus on building human capital and expanding the opportunities for the poor.** This activity will analyze the profiles of the potential beneficiaries of the graduation strategy, including household composition, sociodemographic characteristics, current endowments, and poverty depth. This work will identify the main constraints faced by the target population in generating income and increase households' productivity, with a special emphasis on women.³⁶ Based on the target population characteristics and needs, the graduation strategy will be defined, different services available will be identified and included, and adequate paths for different target population sub-groups will be incorporated (e.g. vulnerable women, persons with disability, youth, and the unemployed). The different opportunities available for the poor will also be informed by the labor market needs assessment that will be conducted under Component 1. Some of the main enabling factors that have been identified jointly with the Government are, *inter alia*, child care services, after-school programs and educational programs such as trainings (i.e. TVET). These enabling benefits and services also aim to have a gender-sensitive approach, allowing women to join training and actively participate in the labor market by minimizing and removing some of the potential barriers such as lack of affordable care services.³⁷ The strategy will also consider the needs of differentiated vulnerable groups and the corresponding required services or complementary policies. In addition, given the adaptive focus of the revised social protection policy, the graduation strategy will aim at improving the resilience of households through potentially higher human capital, assets and income, and household's livelihood diversification. As previously mentioned, DLR13 will disburse against Cabinet approval of the graduation strategy, once the eligible expenditures have been documented. The eligible expenditures will be the public assistance subsidies that will go into the financial support for the PAP beneficiary households.

30. **The improved targeting mechanism (SL-NET 3.0) will be implemented.** The revised targeting tool was recently developed with technical support from the World Bank, and it was approved by Cabinet in August 2019. The rollout of the tool will have direct impact on the eligibility of potential and actual

³⁶ Women are a vulnerable group, with higher poverty and unemployment rates, facing multiple barriers to have improved economic opportunities. The 2018 WB OECS Systematic Regional Diagnostic highlights that women perform worse in the labor market in terms of inclusion, considering labor force participation, unemployment and employment outcomes. This diagnostic also shows the average gender pay gap in OECS countries and in Saint Lucia in particular.

³⁷ The 2018 WB OECS Systematic Regional Diagnostic provide some indication that other barriers could also be preventing women from participating in the labor market such as social norms (i.e. traditional male roles as wage earners). While the graduation strategy will have a gender-sensitive approach, its scope will be clearly delimited and will not aim to tackle all the barriers that women face.



beneficiaries, with the strong potential to reduce inclusion and exclusion errors. The revised targeting mechanism will be implemented in the Social Information System once this module is functional.³⁸ This activity is key to achieve the Project Development Objective, given its close link with the direct improvement of the efficiency of the SP system. The targeting tool SL-NET 3.0 reflects a holistic human capital approach, encompassing both multi-dimensional and monetary dimensions of poverty, with a proxy means test including health insurance and education status indicators amongst others. Once eligible expenditures have been made, DLR17 and 19 will disburse against the achievement of the specific targets of PAP beneficiaries identified as eligible based on the revised targeting tool, incentivizing that PAP beneficiaries are the eligible population under the revised targeting tool. DLR17 and 19 are scalable.

Subcomponent 2.2: Improved coverage and implementation of flagship social programs (DLI value US\$4.5 million)

31. This subcomponent will support increased PAP's coverage and improved efficiency of Saint Lucia's social programs, including modernizing procedures, implementation and delivery systems. It will do so through: (i) increased coverage of the cash transfer program, PAP; and (ii) comprehensive revision of existing programs to improve processes³⁹ and development and population of the social information system. The coverage expansion of PAP is straightforward and DLR18 and 20 will disburse upon achievement of the target coverage of PAP beneficiaries. To ensure that the revised targeting mechanism, the communication strategy, and the appeals and grievance mechanism have been developed and implemented, PAP's coverage expansion is expected to start on Year 3 of the Project (2022), which also fits well in the broader macro-fiscal context. The planned coverage expansion of PAP will not allow coverage of the full poor population, and priority will be given to the people in most need, as defined in the revised targeting methodology.

32. The revision of existing social programs to improve their responsiveness to shocks will be based on the updated social protection policy. This activity will review the design of the interventions itself, the operational procedures and the instruments for service delivery, among others. The comprehensive review of processes includes the revision of communication and feedback mechanisms, referral protocols, and monitoring and evaluation procedures, among others.⁴⁰ A well-defined and well-implemented communication strategy will be required to ensure transparency and accountability, and to facilitate the transition in the beneficiary population with the update in the targeting tool, including the potential exclusion of previously eligible households and enrolment of new beneficiary households. The establishment of an appeals and grievance mechanism is also key to deal with the potential changes in

³⁸ During the design and development of the Social Information System, the revised targeting tool will be implemented in a provisional tool (e.g. Excel-based tool) that the Government of Saint Lucia is currently developing, with support from the Bank. This provisional tool is expected to be ready by March 2020.

³⁹ The revised processes will reflect the increased focus on preparedness and capacity to respond to disasters and climate change impacts.

⁴⁰ The enhanced procedures are a central element of the reform of the social protection system, ensuring that the updated SP policy, graduation strategy and revised targeting tool are adequately implemented. For instance, a few of the processes that are critical to be included in the updated operational manual include: processes to operate in emergency situations, clear referral protocols to implement the graduation strategy, communications strategy to encourage targeted vulnerable groups participate in graduation strategy interventions and to ensure the targeting reforms are well-understood, and objective and clearly defined exit processes for PAP beneficiaries that may not qualify as eligible population under the revised targeting mechanism, among others.



eligibility status of current beneficiaries and to correctly manage the change process.⁴¹ Similarly, the clarification of referral protocols will increase efficiency of the overall SP system by ensuring the needs of the poor and vulnerable (including beneficiary households) are adequately met across various programs and institutions. Equally important, the development of a monitoring and evaluation (M&E) framework/plan will contribute to identify information needs, prioritize certain M&E activities -with a user-focused approach- and to generate and disseminate evidence, which ultimately aims to inform policy decisions. As part of the M&E activities, an evaluation of the coverage expansion of the poor is planned under the Project, potentially including the evaluation of the implementation and the impact or results evaluation. The updated procedures will be grounded on a single-entry point and will establish the criteria for emergency-related benefits. Moreover, the Government's operational manual for PAP and KSL programs will be developed to ensure documentation of revised processes. DLR14 will disburse upon Ministry of Equity's approval of the updated PAP operational manual. The eligible expenditures are the public assistance subsidies, which will improve the efficiency through enhanced procedures, communication mechanism, and through the establishment of the grievance and redress mechanism that will provide regular feedback for continuous improvement of PAP, among others.

33. The social information system will be designed, developed and populated and will primarily include information on poor and vulnerable people (target population). This activity will focus on the integrated social registry (ISR) and the beneficiary management information system (BMIS) and includes four aspects. The first aspect includes the identification and analysis of critical issues in the development of the social information system such as key stakeholders, unique identifiers allowing cross-checking with multiple databases (to facilitate interoperability across agencies and ministries)⁴², data collection instrument and methods (census sweep, on-demand, and from administrative records)⁴³, software and hardware requirements, etc. The second aspect addresses critical issues of broader inter-institutional coordination to ensure that the ISR can be the foundation of the SP system as well as of education or health programs targeting the poor and vulnerable. The design process of the system will be led by the MoEQ jointly with the Government Information and Technology Services. The latter will be the host of the technological infrastructure (e.g. hardware); however, the MoEQ will be responsible for the definition of business rules and procedures. The third aspect defines the strategy and support for the population of the social registry, including technological data collection tools. The social information system also includes the design and deployment of the BMIS, which will ideally be based on the revised social programs and operational procedures. The fourth aspect thus includes the development of the BMIS as a software program allowing automatization of procedures and linkages to external registries for cross-checks (e.g. the civil registry and the National Insurance Corporation) and its corresponding hardware and technological infrastructure. As part of the capacity building activities of this subcomponent, the technical

⁴¹ These are fundamental activities to ensure that the change in targeting methodology and potential changes in the design and procedures of the interventions are well-accepted and adequately communicated and that beneficiaries receive answers to their potential demands, suggestions, complaints, etc.

⁴² The Bank will closely coordinate with Saint Lucia's Government, currently working on a project to strengthen national ID and interoperability framework. The Human Capital Resilience Project will also exploit synergies with the forthcoming Caribbean Digital Transformation Program. The latter will be supporting the modernization of data privacy and data protection policies, IT standards, supporting resilient IT infrastructure and IT systems for public service delivery and electronic payments platforms, among others.

⁴³ While the current procedure for intake of registrants (i.e. potential beneficiaries) is mostly performed at the Offices of the Ministry of Equity, the revision of procedures will consider changing it to a three-pronged approach: (1) census sweep, prioritizing the poorest areas and regions; (2) on-demand, through offices of the Ministry of Equity; (3) administrative records of multiple agencies, through a framework of system's interoperability.



staff of the executing agencies will be involved throughout the whole process and will also be trained. The government may need to get data collection technology - software and hardware - to populate the social registry, as well as other consultant services. This activity is key to strengthen the implementation of programs, and increase their efficiency through automatization of procedures, reduction of error, fraud and corruption, mainly through validation tools and cross-checks with other data bases, and it also brings opportunities to design more sophisticated policies such as determining health insurance subsidies or exemptions based on poverty or economic status. The system will start with a robust yet limited number of modules and functionalities, which can later be expanded to a more complex system. The system will be designed with an interoperability framework to be able to connect with other systems, potentially of other ministries such as education and health, as well as NIC and Civil Registry.⁴⁴ DLR15 and 16 will disburse, respectively, upon capturing 15 and 25 percent of households in the social registry. The Project will also support the design and development of the social information system through the technical assistance component. The Bank acknowledges the complexity of this activity and will provide strong support from different aspects, including procurement, social protection processes orientation, and technological aspects.

Component 3: Technical Assistance, Capacity Building, TVET Equipment and Furniture and Project Management. (US\$4.5 million)

Subcomponent 3.1: Technical Assistance and Capacity Building (US\$2.5 million)

34. **a) Technical Assistance.** This subcomponent will support engagement of consultant and non-consultant services to provide technical support related to key results areas of the Project. The anticipated consultancies and non-consultancies, selection methods, and basic Terms of Reference are as follows:

Title	Method	Terms of Reference and Estimated Value
Social Information System (individual) Consultant (IC 1)	Individual Consultant (IC) – 3CVs	Design a social information system that includes a social registry and beneficiary management information system (with integrated geographic information module) and provide technical assistance to the Ministry of Equity throughout the development of the social information system. This consultancy will provide the basis for the development of the social information system, including the requirements and stages needed for the development of the system. This individual consultant will provide the main technical inputs for the Terms of Reference of the Information Technology Systems Consultant (firm) and will contribute to supervise the work of the firm. <i>Estimated value: US\$80,000</i>
Labor Market Needs Assessment Consultant	Firm – Consultants Qualification Selection (CQS)	Design, administer, and analyze results of the 2020 labor market needs assessment under the guidance of MoE, the TVET Council, and CSO. <i>Estimated value: US\$120,000</i>

⁴⁴ The programs expected to use the social information system within the Ministry of Equity are at least: (a) PAP; (b) Koudemen Ste Lisi; (c) Holistic Opportunity for Personal Empowerment (HOPE); and (d) child disability grant. Social programs from other ministries are also envisioned to be included in the social registry.



Title	Method	Terms of Reference and Estimated Value
Information Technology (IT) Systems Consultant	Quality and Cost-Based Selection (QCBS)	Provide technical assistance to the Ministries of Equity and Government Information and Technology Services (GITS) and develop the integrated social information system. The developed system must support intake and registration of potential beneficiaries, assessment of needs and condition, determination of eligibility, enrolment, and management of the registry of beneficiaries in general. The system must be interoperable with other technological platforms and user-friendly for the Ministry of Equity, with a business-process orientation and systems architecture approach. <i>Estimated value: US\$1,500,000</i>
TVET Systems Consultant	Firm – Consultants Qualification Selection (CQS)	Provide technical assistance to the TVET Council and Ministry of Education on the transition to an inclusive, labor market demand-driven TVET system. Key areas of support include (i) strengthening connections between the TVET system and industry; (ii) development of annual implementation plans for TVET Policy and Strategy; (iii) streamlining and enhancing course offerings in response to labor market information, including optimization of training space and equipment through sharing across institutions and with the private sector; (iv) mainstreaming considerations of gender equity and inclusion of persons from low-income households and persons with disabilities in all aspects of TVET, including instructor training, physical facilities, and communications and engagement program; (v) assisting with business processes to ensure operationalization of the TVET Database; (vi) improving systems for matching TVET students with internships and job placements; and (vii) developing a resource mobilization strategy to ensure sustainable financing of the subsector. <i>Estimated value: US\$300,000</i>
Data Entry Consultant (TVET Council) (IC 2)	IC – 3CVs	Work with TVET Council and training institutions to populate database with backlogged data <i>Estimated value: US\$20,000</i>
Living Condition Survey Consultant	Consultant Qualifications Selection (CQS)	Support Central Statistics Office to review the instrument, carry out the implementation and analysis of the following round of the survey, which is planned for 2022 with the objective of having updated data to inform policymaking, including the update of the poverty diagnosis. This new round of the survey will include a representative sample of PAP beneficiaries, which will allow measurement of multiple social protection indicators such as beneficiary incidence, benefit incidence, under-coverage and leakage, among others. <i>Estimated value: US\$100,000</i>
Communications Consultant	CQS	To develop the communication strategy and implementation plan and support the implementation of such strategy. The consultant will also contribute to the implementation of the communication strategy. <i>Estimated value: US\$60,000</i>



Title	Method	Terms of Reference and Estimated Value
Senior Social Protection Specialist (IC 3)	IC – 3CVs	Provide technical assistance to the MoEQ on key social protection areas such as: (i) revised social protection policy and (ii) updating operational procedures of PAP and KSL (including appeals, grievance and feedback mechanisms; referral protocols; among others). <i>Estimated value: US\$90,000</i>
Social Protection Specialist (IC 4)	IC – 3CVs	Provide technical assistance to the MoEQ and draft the graduation strategy. <i>Estimated value: US\$35,000</i>
Data collection for PAP recertification process - Non-consulting services	Direct Selection	This service is to collect data from PAP beneficiaries (complementing the work of the welfare officers), following a standardized procedure. MoEQ has been using these services in the past and could use this service for the recertification process. <i>Estimated value: US\$180,000</i>

Given the complexity of some of the activities such as the social information system, the hiring processes for consultants will start as soon as possible and will be closely supported and supervised by the Bank. The support from the Bank will include aspects such as procurement, SP business processes and information technologies.

35. **b) Capacity Building.** This subcomponent will also finance technical, institutional, and fiduciary capacity building activities for the Borrower’s staff and local authorities, including, MOE, MoEQ, PIU staff, and TVET Council staff.

36. **Specifically, capacity building activities will be undertaken in critical aspects to increase the likelihood of PDO achievement in the social protection system, while increasing the Project’s sustainability and government capacity.** First, training of welfare officers, social workers and other staff in the MoEQ is required for them to develop relevant skills and increase their knowledge base in key areas (intake, referral, social work and case management, adaptive SP, sectoral strategy on SP, skills to better serve people that face multiple and severe difficulties, etc.). Second, training of local authorities (constituency councils) in areas such as the intersection of disaster risk management and SP will be supported. Third, knowledge exchange with relevant countries (e.g. virtual or in person) will be facilitated. Fourth, participation in the World Bank Social Protection and Jobs Core Courses by MoEQ staff as well as staff from the Department of Economic Development (or other relevant agencies) will be encouraged. Given the importance for the subsequent implementation of the Project, related expenses to the attendance to the Safety Net Core Course could be eligible for retroactive financing (although tuition to WB courses cannot be an eligible expenditure; tuition waivers could be considered for key participants). Additional capacity building activities could be agreed upon based on the most pressing needs identified in an institutional assessment of the MoEQ. Eligible expenditures include travel and subsistence.

Subcomponent 3.2: TVET Equipment and Furniture (US\$1 million)

37. **This subcomponent will finance provision of industry-standard equipment and furniture for training institutions and secondary schools.** This activity will improve the delivery of TVET instruction by financing the procurement and installation of materials needed to meet the required standards of subject-



specific CVQs. The specific equipment to be procured will be proposed by schools and training institutions in line with their approved training plans, with guidance from the TVET Unit of MOE. The equipment lists will then be approved by the TVET Council. The procurement will be consolidated into two large processes during the life of the Project to minimize the burden of multiple procurement activities and maximize economy.

38. **Criteria for equipment include compatibility with existing facilities, labor market relevance, equity, and lack of industry-based alternatives.** As the Project will not finance works, equipment will only be installed in facilities certified by the MOE Plant and Equipment Unit as (i) structurally sound under normal conditions and (ii) possessing adequate space and utilities (e.g. electricity, lighting, ventilation, and water as relevant) for useful and safe operation per the equipment's technical specifications. Equipment will only be procured to support CVQs identified as relevant to labor market needs through the process outlined in Subcomponent 1.1. The TVET Unit and TVET Council will also prioritize provision of equipment to enhance equity, including schools and institutions serving low-income students and trainees, the requirements of special needs schools, and equipment that would enhance participation of persons with disabilities. Finally, the TVET Council will approve equipment only in circumstances where, in the Council's judgment, there is a lack of practical opportunities to share space and equipment with private-sector entities working in industries related to the training.

Subcomponent 3.3: Project Management (US\$1 million)

39. **This subcomponent will support the staffing and operations of the Project Implementation Unit (PIU) throughout the life of the Project, the carrying out of independent audits and DLI compliance verification.** Positions to be filled at the PIU will consist of a Project Manager, Technical Coordinator (Equity), Procurement Officer, Financial Management Officer, Monitoring and Evaluation Officer, and Social and Environmental Officer. The subcomponent will finance necessary office furniture and supplies for the PIU and for the TVET unit at MOE and operating costs for the PIU. The subcomponent will also support the carrying out of independent audits and DLI compliance verification, including two consultants on a part-time basis to assist the Auditor General with the Project audits.



ANNEX 3: Economic Analysis

COUNTRY: Saint Lucia
Saint Lucia Human Capital Resilience Project

1. **The economic benefits of the Project have been assessed through: (i) development impact of the Project; (ii) rationale for public sector provision/financing, and (iii) World Bank value added.** Although it is difficult to accurately quantify all the benefits and costs associated with the Project components, estimated economic and social rates of return are expected to be high due to: (i) higher economic productivity of TVET students with improved labor market-relevant skills; (ii) more efficient and effective social protection system; and (iii) improved data on labor market needs and poverty monitoring that will inform ongoing policy making.

Development Impact of the Project

Component 1: Strengthening Technical and Vocational Education and Training (TVET)

2. **TVET plays an important role in incubating future labor force.** It is estimated that 66 million students are enrolled in TVET across different education levels worldwide (Table 3.1). In Latin America and the Caribbean, besides post-secondary education that is predominately of vocational nature, the ratio of TVET enrollment is high in lower secondary at 5.2%, compared to other regions. In addition to the large enrollment, cross-country evidence suggests that TVET can facilitate school-to-work transition and confer positive earnings premiums on average, especially for students who cannot afford, are not interested in or suitable for research-oriented higher education.⁴⁵

Table 3.1: Enrollment in vocational education at different education levels, by region, 2013

Region	Lower secondary (ISCED 2)		Upper secondary (ISCED 3)		Post-secondary (ISCED 4)	
	Enrollment (million)	% in vocational education	Enrollment (million)	% in vocational education	Enrollment (million)	% in vocational education
East Asia & Pacific	83.7	0.3	68.3	41.3	2.5	81.3
Europe & Central Asia	39.5	1.4	22.6	47.3	2.1	91.9
Latin America & Caribbean	38.0	5.2	24.3	12.8	0.9	97.0
Middle East & North Africa	14.9	2.3	12.5	24.4	0.3	92.0
North America	13.6	0	13.2	0.9	1.2	100
South Asia	82.6	0	69.2	3.6	0.9	97.8
Sub-Saharan Africa	16.9	3.1	10.2	18.0	0.5	61.6
Total	289.3	1.3	231.3	23.7	8.3	89.2

Source: Wheelahan and Moodie 2016, based on UNESCO Institute for Statistics data.

Note: ISCED=International Standard Classification of Education.

3. **Labor market relevance, incorporation of foundational skills and provision of sufficient resources, including teacher trainings, are three priority aspects for effective TVET design.**⁴⁶ Labor market relevant TVET programs can address the skills gaps or mismatches faced by employers. Regular

⁴⁵ Hanushek et al. 2017; Arias et al. 2019.

⁴⁶ Arias et al. 2019.



assessment of labor market needs in both formal and informal sectors, coupled with partnerships with the private sector are useful ways. For example, in Brazil, skills training programs with significant private sector input in terms of content and scale have larger effects on employability—that is, individual’s potential propensity to find or be placed in a job, compared to those without.⁴⁷ Second is provision of foundational skills. Apart from job-specific skills that may become obsolete in the changing world of work, it is important for TVET programs to incorporate transferrable foundational skills (e.g., cognitive, socioemotional, etc.) that can increase individuals’ adaptability—the ability to respond to unexpected circumstances, and to un-learn and re-learn quickly.⁴⁸ In Uganda, for instance, workers who acquired certifiable, transferrable skills through vocational trainings have higher employment rates, more earnings and greater labor market mobility.⁴⁹ Finally, TVET input is often underfinanced. More resources are needed to upgrade the skills of TVET trainers and improve the equipment and facilities.

4. **Many countries in Latin America and the Caribbean have implemented skills training programs with these considerations, which yielded positive outcomes.** For example, six countries introduced the Jóvenes programs, providing trainings of technical, vocational, life and socioemotional skills, sometimes complemented by on-the-job learning, to youth. As Table 3.2 illustrates, across countries the programs tend to significantly increase participants’ employability. Such increase is especially pronounced for women—the point estimates range from 5 to 20 percentage points compared to the control group. The programs also lead to significant earnings gains by 10 to 26 percent.⁵⁰

Table 3.2: Impact of the Jóvenes programs in Latin America and the Caribbean

Country	Program	Increase in employment	Increase in earnings
Argentina	Proyecto Joven	10% (women)	10% (monthly wages)
Chile	Chile Joven	21% (individuals younger than 21 years old, women)	26%
Colombia	Jóvenes en Acción	5% (women)	18% (men), 35% (women)
Dominican Republic	Juventud y Empleo	Not significant	10%
Peru	ProJoven	6%	18% (hourly)
Panama	ProCaJoven	10–12% (women and Panama City residents)	Not significant

Source: Kluge 2016, based on Kluge et al. 2012 and Ibarrarán and Rosas 2009.

5. **Well-supported by the global and regional evidence above, this Project component aims to enhance TVET offerings and institution in Saint Lucia to increase labor market-relevant skills in the workforce.** Specifically, Project activities concerning provision of (i) trainer immersion programs, (ii) equipment, and (iii) TVET modules covering technical, vocational, life, entrepreneurship and socioemotional skills informed by labor market needs assessment are expected to increase the probability of employment and earnings of the participants. (figure 1).

⁴⁷ O’Connell et al. 2019.

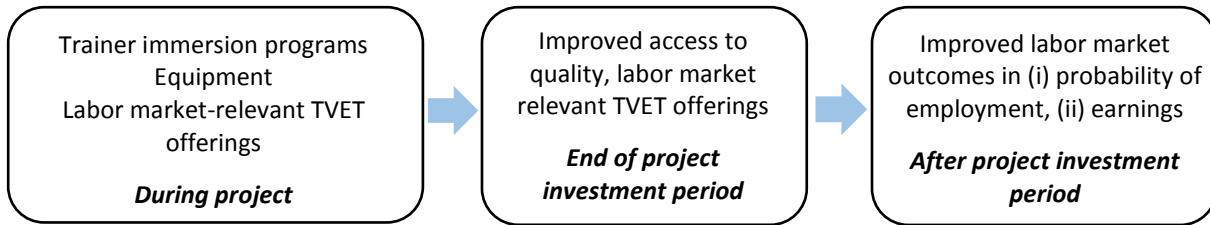
⁴⁸ World Bank 2019.

⁴⁹ Alfonsi et al. 2017.

⁵⁰ Kluge 2016.



Figure 3.1: A framework of Benefits for Component 1



6. **The cost-benefit analysis relies on the following key assumptions.**

- **Temporal horizon:** The net present value (NPV) and internal rate of return (IRR) are estimated for 2020-2053. Even though the Project will only disburse until 2024, the Project’s benefits in terms of **labor market outcomes are expected to be longer term for its direct beneficiaries. For simplicity 30** working years is assumed for an individual.
- **Direct beneficiaries:** It is expected that 3000 students in secondary school, post-secondary and training institutes will receive strengthened TVET during the Project years. According to DLI table, the distribution will be 400 students (2020), 600 students (2021), 800 students (2022), 600 students (2023) and 600 students (2024). Given that the trained students may belong to different grade levels in a school/institution, the analysis looked into two scenarios. Scenario 1: All trainees are at final year of the corresponding school/institute, and are ready to enter the labor market upon completion. Scenario 2: All trainees are equally distributed across the grades of the corresponding school/institute, and will enter labor market upon completion of school. In both scenarios, it is assumed that the labor market entering age is 20. It is also assumed that the labor market participation ratio is 80 percent among the beneficiaries according to existing estimates.
- **Benefits:** As stated, the labor market benefits of the Project are reflected as (i) increase of probability to be employed, and (ii) increase of earnings for the project direct beneficiaries. The baseline (counterfactual) earnings of the direct beneficiaries are assumed to be the average earnings of those with upper secondary education in the labor market. It is assumed that the increase ratio is stable over years, i.e., as project beneficiaries age, they enjoy the same ratio of improvement on employment probability and earnings. Despite large point estimates provided by evaluation of skills training programs in the region (see Table 3.2 above), the analysis simulates benefits based on a lower range of increases (0%-5%) to be conservative. Mincer regression coefficients based on Saint Lucia 2004 Labor Force Surveys are used for calculation of earnings at different ages.⁵¹
- **Costs:** The costs used in the analysis are based on the 2020 budget provided by the Saint Lucia Government, which covers estimated costs associated with the teacher immersion program and the improvement of TVET offerings across schools and institutes including staffing, training, equipment, tuition support, etc.

⁵¹ Bellony 2010.



- **Discount rate:** 10 percent is used as the discount rate for the NPV calculation. It is in line with the discount rate applied to recent education projects in OECS.
- **Other main variables:** Labor market variables including average earnings at upper secondary education level, median age of workers with upper secondary education and labor force participation ratio are referenced in the analysis. They are sourced from Saint Lucia Labor Force Surveys 2018 and Saint Lucia National Report of Living Conditions 2016 Report.⁵² Exchange rate is sourced from the latest World Development Indicators.

7. **Results show that in both scenarios, an increase in the annual earnings of 5 percent due to a combination of increase in the probability of being employed and the average earnings while employed will result in an IRR of 13 percent, which is greater than the discount rate considered for the Project (Table 3.3).** If both the probability of employment and the earnings increase by 5 percent, the IRR would be of 31 and 28 percent, respectively.

8. **Considering the conservative approach and other potential benefits not covered by the analysis, this component is a worthwhile investment.** The range of increase in employment probability and earnings used in the simulations tend to be at the lower bound given that besides improved TVET offerings some direct beneficiaries are likely to attain higher level of education through the proposed interventions. In addition, the component’s potential benefits go beyond its impact on individual’s productivity, employment probability and earnings—for example, skills trainings can help cultivate aspirations, improve health and resilience, reduce crime and violence, and achieve better social cohesion. Moreover, the component will also incorporate climate change in the TVET modules, which can lead to long-term positive impact of increasing climate literacy among young people, encouraging them to adopt sustainable lifestyles, and improving adaptation and mitigation capacities of communities.

Table 3.3: Estimated IRR and NPV

Scenario 1: All trainees are at final year of the corresponding school/institute, and are ready to enter the labor market upon completion, assuming completion age at 20 and 30 working years. Valuation period (2020-2053)

IRR		Increase in wages as due to skills training					
		0%	1%	2%	3%	4%	5%
Increase in employment probability due to skills training	0%		-2%	3%	7%	10%	13%
	1%	-2%	3%	7%	10%	13%	17%
	2%	3%	7%	10%	13%	17%	20%
	3%	7%	10%	13%	17%	20%	23%
	4%	10%	13%	17%	20%	24%	27%
	5%	13%	17%	20%	23%	27%	31%

⁵² Kairi Consultants Limited 2018.



NPV		Increase in wages as due to skills training					
		0%	1%	2%	3%	4%	5%
Increase in employment probability due to skills training	0%		(3,833,096)	(2,546,555)	(1,260,015)	26,525	1,313,066
	1%	(3,833,096)	(2,533,690)	(1,234,284)	65,122	1,364,527	2,663,933
	2%	(2,546,555)	(1,234,284)	77,987	1,390,258	2,702,529	4,014,801
	3%	(1,260,015)	65,122	1,390,258	2,715,394	4,040,531	5,365,668
	4%	26,525	1,364,527	2,702,529	4,040,531	5,378,533	6,716,535
	5%	1,313,066	2,663,933	4,014,801	5,365,668	6,716,535	8,067,402

Scenario 2: All trainees are equally distributed across the grades of the corresponding school/institute, and will enter labor market upon completion of school, assuming completion age at 20 and 30 working years. Valuation period (2020-2057)

IRR		Increase in wages as due to skills training					
		0%	1%	2%	3%	4%	5%
Increase in employment probability due to skills training	0%		-2%	3%	7%	10%	13%
	1%	-2%	3%	7%	10%	13%	16%
	2%	3%	7%	10%	13%	16%	19%
	3%	7%	10%	13%	16%	19%	22%
	4%	10%	13%	16%	19%	22%	25%
	5%	13%	16%	19%	22%	25%	28%

NPV		Increase in wages as due to skills training					
		0%	1%	2%	3%	4%	5%
Increase in employment probability due to skills training	0%		(3,872,093)	(2,624,550)	(1,377,007)	(129,464)	1,118,079
	1%	(3,872,093)	(2,612,075)	(1,352,056)	(92,038)	1,167,981	2,427,999
	2%	(2,624,550)	(1,352,056)	(79,562)	1,192,932	2,465,426	3,737,920
	3%	(1,377,007)	(92,038)	1,192,932	2,477,901	3,762,871	5,047,840
	4%	(129,464)	1,167,981	2,465,426	3,762,871	5,060,315	6,357,760
	5%	1,118,079	2,427,999	3,737,920	5,047,840	6,357,760	7,667,680



Component 2: Strengthening the Social Protection System

9. **Social protection programs create resilience against risks and shocks, stimulate investment in human capital, and break the cycle of intergenerational poverty.** Introduction and expansion of safety net programs have been widely pursued by governments in Latin America and the Caribbean in response to shocks such as the triple F crisis (food, finance and fuel) and natural disasters, supporting citizens to make the necessary adjustments.⁵³ Many cash transfer programs have also shown positive long-term impact on human capital accumulation. For example, unconditional cash transfers programs in Malawi and South Africa significantly improved health measures of participants including child stunting.⁵⁴ A recent review of 10 conditional cash transfer programs (majority of them in Latin America and the Caribbean) indicates that despite mixed results on employment and earnings, most studies found positive long-term effects on schooling (Table 3.4).⁵⁵ Moreover, impact evaluations in different country contexts also demonstrate that well-implemented cash transfers can increase consumption and reduce poverty.⁵⁶

Table 3.4: Impacts of conditional cash transfer programs on schooling

Country	Program	Population	Impact on schooling
Outcome in young adulthood from exposure during school ages			
Mexico	<i>PROGRESA/Oportunidades</i>	F/M	+/+
		F/M	+/+
		F/M	+/+
Colombia	<i>Familias en Acción</i>	F/M	+/+
		F/M	+/+
Nicaragua	<i>Red de Protección Social</i>	F/M	0/+
		F/M	+/+
Honduras	<i>PRAF-II</i>	F/M	+/+
Ecuador	<i>Bono de Desarrollo Humano</i>	F/M	+/+
Cambodia	<i>CESSP Scholarship Program</i>	F/M	+/+
Pakistan	<i>Punjab Female School Stipend Program</i>	F	+
Malawi	<i>Schooling, Income and Health Risk Study</i>	F	+
Colombia	<i>Subsidios</i>	F/M	+/+
Outcome at school ages from exposure during early childhood			
Mexico	<i>PROGRESA/Oportunidades</i>	F/M	0/0
		F/M	+/+
		F/M	n/a
Colombia	<i>Familias en Acción</i>	F/M	n/a
		F/M	+/+
Nicaragua	<i>Red de Protección Social</i>	M	n/a
Honduras	<i>PRAF-II</i>	F/M	+/+
Ecuador	<i>Bono de Desarrollo Humano</i>	F/M	n/a
El Salvador	<i>Comunidades Solidarias Rurales</i>	F/M	+/+

Source: Millán et al. 2019.

Note: See Millán et al. 2019 for detailed descriptions of programs, studies and results. In the cases where results were not reported separately by gender, it was assumed to be the same for females (F) and males (M). 0 indicates no significant impact. - or + indicate negative or positive results. n/a indicates no information available. The Ecuador program does not force conditionalities. The impact evaluation of the Public Assistance Program would contribute to the literature on cash transfer programs, while vast for the Latin America region, is still limited for the Caribbean.

⁵³ Oxford Policy Management 2017.

⁵⁴ Baird et al. 2019; Agüero et al. 2007.

⁵⁵ Millán et al. 2019.

⁵⁶ Haushofer and Shapiro 2016; Aguilar et al. 2019; de Souza et al. 2019.



10. **Given these potential benefits, the second component of the Project aims to increase the coverage of the poor and improve the efficiency of Saint Lucia’s social protection system.** First, the Project seeks to improve the social protection policy framework. This will be accomplished by enhancing the social protection policy, establishing a graduation strategy and improving the targeting mechanism. The updated SP policy will explicitly draw linkages with the disaster risk management sector, providing risk reduction, mitigation and coping plans for the most vulnerable population. The development of a graduation strategy that connects beneficiaries to TVET is also a salient approach to opening a path towards self-reliance for the poor and could contribute to livelihood diversification of the poorest households as part of the adaptive SP approach. Evidence from countries such as Uganda and Burundi suggest that cash transfers coupled with skills training can significantly and persistently increase investments, work and income, and the positive effects may extend to the wider community.⁵⁷ Through the graduation strategy, the Project will increase access to enabling factors and opportunities for social program beneficiaries. The improved targeting methodology will provide higher accuracy in predicting the living conditions of the population, allowing an enhanced selection of beneficiaries and improving overall spending efficiency of the limited public resources used in social protection.

11. **Second, the Project seeks to expand coverage of social safety nets and improve the delivery of the country’s flagship social programs.** In Saint Lucia, the safety net is anchored in the Public Assistance Program (PAP), a cash transfer program that provides support to poor households with the objective of smoothing their consumption. The updated targeting methodology will allow an increase in the number of the poor covered by PAP through the reduced exclusion and inclusion errors and will be complemented afterwards with the expansion of the absolute coverage of PAP, allowing an even larger impact. Simulations show that covering 3,600 beneficiary households identified through the updated targeting tool, SL-NET 3.0, with PAP cash transfers could reduce poverty by 5.9 percent (or nearly 1.5 percentage points) compared to the actual PAP beneficiaries captured in the 2016 Survey of Living Conditions and Household Budget Survey (approximately 450 beneficiary households).

12. **The improvement in the delivery systems of the main social programs will contribute to a more efficient social protection system.** The Project will not only support the modernization of operational procedures of PAP and KSL, but it will also support the design and development of the social information system. The first component of the social information system is the integrated social registry. Social registries provide a gateway for people to be considered for potential inclusion in social programs, and support the delivery process from outreach, intake and registration to targeting and management.⁵⁸ A well-designed social registry can reduce fragmentation, improve coordination across safety net programs, increase targeting effectiveness, as well as generate substantial efficiency gains through better information dissemination and lower costs associated with data collection and beneficiary transactions.⁵⁹ In fact, unified poverty targeting systems based on single consolidated registries are flourishing—92 countries are implementing or preparing to roll out such a system.⁶⁰ A recent study estimates that Indonesia’s Unified Database significantly increased the targeting performance of its social assistance programs.⁶¹ In addition, a social registry is crucial to improve responsiveness to crises and shocks, not only

⁵⁸ Leite et al. 2017.

⁵⁹ Leite 2014.

⁶⁰ Honorati et al. 2015.

⁶¹ Tohari et al. 2019.



for beneficiaries of existing social programs, but for all households in the registry, including those near the cut-off score and at risk of falling into poverty during an adverse event.⁶² The second component of the social information system is the beneficiary management information system (BMIS). The BMIS can decrease duplicated benefits, facilitate information exchanges across programs including referrals, automate repetitive tasks and reduce error, fraud and corruption, through cross-checks with the civil registry and other relevant institutions (e.g., social security, tax authority, land and vehicle registries, etc.).⁶³ Iraq's Social Safety Net Information System, for example, helped the government remove 57,000 duplicated beneficiaries in Baghdad alone and saved about US\$18 million of the system's budget.⁶⁴ Together with efforts such as capacity building, information and education campaign and development of beneficiary feedback mechanisms, the accountability and transparency of social programs are likely to increase substantially as well.

13. **In summary, although difficult to quantify, the long-term benefits of the Project activities well justify the initial investments.** Design and implementation of the social registry and the BMIS are costly, but the planned use will reduce administrative costs and increase efficiency of the safety net programs in the long run. A policy framework that is shock-responsive and people-centric will also contribute to Saint Lucia's human capital resilience. Despite difficulty to provide quantitative estimate of the benefits associated with this component, the Project will track and report key results metrics such as efficiency measures and coverage of the poor by PAP.

Rationale for Public Sector Provision

14. **The public sector's role in TVET ensures adequate provision of the public-goods aspects of skills development, including diversification of skills in Saint Lucia's population and ensuring alignment with the regional qualifications framework.** Pure private-sector provision of TVET risks providing only a narrow set of skills demanded by existing firms. Public-sector provision, by contrast, enables Saint Lucia to foster a broader and more transferable set of skills and build a skills base for strategic industries which do not yet have a strong presence in country, but could be attracted by the right types of potential workers. In addition, private-sector training may not be adequately incentivized to align with CARICOM's regional qualification framework – and indeed, may be disincentivized to do so, as the framework promotes labor mobility in the region.

15. **Similarly, public sector provision of the social protection interventions is also well justified based on equity considerations.** Conducive social protection policies and well-implemented safety net programs redistribute societal resources, support the poor, the vulnerable and the disadvantaged, to cope with shocks and risks, and encourage individuals to invest in their human capital. Such public interventions have long-term benefits of reducing poverty, increasing shared prosperity and building resilience.

16. **Potential positive externalities is another reason for the public sector to be involved.** The Project aims to improve Saint Lucia's human capital resilience through TVET and social protection interventions, which can in turn benefit broader economy and society. Human capital is an important input in the production process and drives technological innovation and long-run growth. On the other hand, human

⁶² Holmes et al. 2019.

⁶³ Barca and Chirchir 2014; Villalobos et al. 2010.

⁶⁴ World Bank. 2012.



capital also foster trust, encourage civic participation, and contribute to better social cohesion. Furthermore, development and implementation of planning and monitoring tools such as the labor market needs assessment and the Social Information System, together with incorporation of climate change in the TVET programs, constitute invaluable public goods as well.

World Bank Value Added

17. The Bank adds great value to the Project given its deep expertise and extensive experience in supporting TVET and social protection interventions globally and in Latin America and the Caribbean. Regarding TVET, the Bank has successfully supported client countries in building strong skills training programs and strengthening the relevant policy environment. For example, in Sri Lanka, a Skills Development Project is increasing access to high quality skills training programs in response to the needs of the country's growing economy. About 830,000 Sri Lankan youth are expected to join the labor market with more marketable skills as a result of the program.⁶⁵ In Dominican Republic, more than 38,000 at-risk youth benefited from a Youth Training and Employment Program joint by the World Bank and the Inter-American Development Bank, which has shown positive impact on formality and income.⁶⁶ In addition, the Bank has supported the Caribbean countries including Jamaica, Grenada and Antigua and Barbuda in improving policies and employment programs for the poor and vulnerable populations.

18. On social protection, the Bank has strong track records of providing critical technical assistance to the design of social protection system and implementation of safety net programs. In the Caribbean, the Bank has helped improve the social protection system in countries such as Dominican Republic, Grenada, Jamaica and St. Vincent and the Grenadines. In Saint Lucia, specifically, the Bank has been actively engaged with the Government to support its ongoing policy reforms. For example, between 2013 and 2016, the Rapid Social Response Bank-Executed Trust Fund for Transforming Social Protection provided a range of critical assessments of service delivery systems including an initial technical review of SL-NET 3.0, institutional assessment of MoEQ, analysis of the safety net, labor market and social insurance programs, expert support for developing a medium-term action plan to complete the social protection reforms, etc. In short, building on these past efforts, best practices, lessons learned and close partnerships, the Bank will provide evidence-driven, context-specific support to Government of Saint Lucia in designing and implementing the activities envisioned for the Project.

⁶⁵ <https://www.worldbank.org/en/news/press-release/2014/06/20/world-bank-approves-101-million-sri-lanka-skills-development-project>

⁶⁶ <https://www.worldbank.org/en/results/2014/04/08/more-promising-future-poor-youth-dominican-republic>



The World Bank

St. Lucia Human Capital Resilience Project (P170445)



ANNEX 4: Disbursement-Linked Indicators (DLIs) and Disbursement-Linked Results (DLRs)

DLR values in millions USD

	Year 1 (FY 2020-21)	Year 2 (FY 2021-22)	Year 3 (FY 2022-23)	Year 4 (FY 2023-24)	Year 5 (FY 2024-25)
DLI 1: Strengthen and implement TVET enabling environment	DLR 1: New labor market needs assessment completed by MoE (\$0.5m)	DLR 2: TVET Council funded in the national budget in accordance with staffing requirements in TVET Policy and Strategy (\$0.5m)		DLR 3: Periodic labor market needs assessment and beneficiary feedback mechanism established ⁶⁷ (\$0.5m)	DLR 4: Resource Mobilization Strategy identifying funding mechanisms for the sustainability of the TVET sector (in accordance with the TVET Policy and Strategy) approved by MoE (\$0.5m)

⁶⁷ Established means that: (i) at least one labor-market needs assessment in addition to the one conducted under DLR1 is conducted by the Recipient’s Central Statistics Office with skills-specific questions; (ii) at least one future labor market needs assessment is budgeted in the Recipient’s national budget; and (iii) the TVET Council receives feedback from trainees through surveys administered through the TVET database, including a summary of the feedback and follow-up actions in the TVET’s Council annual reporting cycle.



	Year 1 (FY 2020-21)	Year 2 (FY 2021-22)	Year 3 (FY 2022-23)	Year 4 (FY 2023-24)	Year 5 (FY 2024-25)
DLI 2: Strengthen TVET course offerings (scalable)		DLR 5: 80 TVET teachers and instructors in secondary or special needs schools and/or training institutions complete worksite-based immersion program (\$0.5m) (Scalable: Min. 40)	DLR 6: All secondary schools and special needs schools provide access to at least one CVQ in selected sectors ⁶⁸ (\$1m) (Scalable: Min. 67%)	DLR 7: Nine (9) CVQs at level 3-5 or equivalent TVET qualifications available in selected sectors (\$0.5m) (Scalable: Min. 5)	
DLI 3: Increase provision of labor market-relevant skills		DLR 8: 1,200 students complete enhanced TVET qualification ⁶⁹ (\$1m) (Scalable: Min. 600)	DLR 9: 1,800 students complete enhanced TVET qualification (\$1m) (Scalable: Min. 1,500)	DLR 10: 2,400 students complete enhanced TVET qualification (\$1m) (Scalable: Min. 2,100)	DLR 11: 3,000 students complete enhanced TVET qualification (\$1m) (Scalable: Min. 2,700)

⁶⁸ Within an area not to exceed 50 km. “Selected sectors” are those identified as having skills shortages in the labor market needs assessment and/or identified as a strategic priority by the MoE in collaboration with TVET Council.

⁶⁹ Cumulative since effectiveness; baseline at effectiveness is 0.. For purposes of DLRs 8-11, Enhanced TVET Qualification means technical qualification (i.e., CVQ, NVQ, or equivalent, in a selected sector), and, if not already included in said qualification, soft skills (including employability and/or entrepreneurship skills).



	Year 1 (FY 2020-21)	Year 2 (FY 2021-22)	Year 3 (FY 2022-23)	Year 4 (FY 2023-24)	Year 5 (FY 2024-25)
DLI 4: Improve policy and implementation framework for social protection ⁷⁰	DLR12: Revised (adaptive) Social Protection Policy approved by Cabinet (\$0.25) DLR13: Graduation Strategy approved by Cabinet (\$0.25)	DLR14: Updated PAP Operational Manual approved by MoEQ (\$0.5m)	DLR 15: At least 15% of all households in the Recipient’s territory captured in its social registry (\$1m) (Scalable: Min. 8%)		DLR16: At least 25% of all households in the Recipient’s territory captured in its social registry (\$1m) (Scalable: Min. 20%)
DLI 5: Improve PAP targeting and coverage ⁷¹		DLR17: At least 60% of PAP beneficiary households (from a baseline of 2,396) identified as eligible based on revised targeting tool (SL-NET 3.0) (\$1m) (Scalable: Min. 30%)	DLR18: Increased coverage to at least 3,000 PAP Beneficiary Households (i.e., an additional 604 PAP Beneficiary Households from a baseline of 2,396) (\$1m) (Scalable: Min. 2,700)	DLR19: At least 85% of all PAP Beneficiary Households (from a baseline of 3,000) identified as eligible based on revised targeting tool (SL-NET 3.0) (\$1.5m, scalable) (Scalable: Min. 70%)	DLR20: Increased coverage to at least 3,600 PAP Beneficiary Households (i.e., an additional 600 PAP Beneficiary Households from a baseline of 3,000) (\$1m) (Scalable: Min. 3,300)

⁷⁰ Updated PAP Operational Manual will include at least the revised general and specific objectives; targeting mechanism for the program (e.g. SL-NET 3.0); type and level of benefits; emergency situations section (definitions, scalability procedures, criteria, etc.); referral protocols; GRM; among others.

⁷¹ The revised targeting tool (SL-NET 3.0) has not been applied to the PAP beneficiary households.