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IDA/R2018-0308/1

September 10, 2018

<p>Closing Date: Thursday, September 27, 2018 at 6:00 p.m.</p>

FROM: Acting Vice President and Corporate Secretary

Sao Tome and Principe - Social Protection and Skills Development Project

Project Appraisal Document

Attached is the Project Appraisal Document regarding a proposed grant to Sao Tome and Principe for a Social Protection and Skills Development Project (IDA/R2018-0308), which is being processed on an absence-of-objection basis.

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Report No: PAD2941

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF SDR 7.2 MILLION
(US\$10 MILLION EQUIVALENT)

TO THE

DEMOCRATIC REPUBLIC OF SÃO TOMÉ AND PRÍNCIPE

FOR THE

SOCIAL PROTECTION AND SKILLS DEVELOPMENT PROJECT

September 6, 2018

Social Protection and Jobs Global Practice
Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective July 31, 2018)

Currency Unit = STD

SDR 0.71180963 = US\$1

STD 1 US\$0.0000477

FISCAL YEAR

January 1 - December 31

ABBREVIATIONS AND ACRONYMS

ACPE	Support to Create Your Own Business (<i>Curso de Apoio a Criação do Próprio Emprego</i>)
AFAP	Fiduciary Agency for Project Administration (<i>Agência Fiduciária de Administração de Projectos</i>)
AfDB	African Development Bank
CATAP	Agriculture and Livestock Technical Improvement Center (<i>Centro de Aperfeiçoamento Técnico Agropecuário</i>)
CCIAS	Chamber of Commerce, Industry, Agriculture, and Services (<i>Câmara de Comercio Industria, Agricultura e Serviços de STP</i>)
CCT	Conditional Cash Transfer
CFP	Professional Training Center (<i>Centro de Formação Profissional</i>)
CP	Portuguese Cooperation (<i>Cooperação Portuguesa</i>)
CRI	Corporate Result Indicator
CPS	Country Partnership Strategy
CSPQ	Secondary Professional Qualification Course (<i>Curso Secundário Profissionalmente Qualificante</i>)
DETPEJA	Directorate of Technical and Professional Education and Education for Youth and Adults (<i>Direcção do Ensino Técnico Profissional e da Educação para Jovens e Adultos</i>)
DGTH	Directorate of Tourism and Hospitality (<i>Direcção Geral do Turismo e Hotelaria</i>)
DPSS	Directorate of Social Protection and Solidarity (<i>Direcção da Protecção Social e da Solidariedade Social</i>)
DTEFP	Directorate of Work, Employment and Professional Training (<i>Direcção do Trabalho, Emprego e Formação Profissional</i>)
EHT	Hospitality and Tourism School (<i>Escola de Hotelaria e Turismo</i>)
ENIEG	National Strategy for Gender Equity and Equality
EU	European Union
FM	Financial Management
FY	Fiscal Year
GDP	Gross Domestic Product
GRM	Grievance Redress Mechanism
IFC	International Finance Corporation

ILO	International Labor Organization
INSS	National Social Security Institute (<i>Instituto Nacional de Segurança Social</i>)
IPF	Investment Project Financing
ISP	Implementation Support Plan
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
MEAS	Ministry of Employment and Social Affairs (<i>Ministério do Emprego e Assuntos Sociais</i>)
MECCC	Ministry of Education, Culture, Science and Communication (<i>Ministério da Educação, Cultura, Ciência e Comunicação</i>)
MF	Ministry of Finance
MIS	Management Information System
NGO	Non-governmental Organization
NSDCC	National Skills Development Coordination Committee
PDO	Project Development Objective
PENPS	National Social Protection Policy and Strategy
PEP	Parental Education Program
PIU	Project Implementation Unit
PMT	Proxy Means Test
PPP	Purchasing Power Parity
PPSD	Project Procurement Strategy for Development
PRSP	Poverty Reduction Strategy Paper
RAP	Autonomous Region of Príncipe
RSR	Rapid Social Response
SDG	Sustainable Development Goals
SDR	Special Drawing Rights
SR	Social Registry
STD	São Tomé and Príncipe Dobra
STP	São Tomé and Príncipe
TA	Technical Assistance
ToRs	Terms of Reference
TVET	Technical and Vocational Education and Training
UNICEF	United Nations International Children's Emergency Fund
UNIDO	United Nations Industrial Development Organization
VFP	Vulnerable Families Program

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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name	
Sao Tome and Principe	Social Protection and Skills Development Project	
Project ID	Financing Instrument	Environmental Assessment Category
P163088	Investment Project Financing	C-Not Required

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 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
27-Sep-2018	31-Dec-2023

Bank/IFC Collaboration

No

Proposed Development Objective(s)

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



Components

Component Name	Cost (US\$, millions)
1. Institutional and Capacity Strengthening	2.30
2. Vulnerable Families Program Conditional Cash Transfer	3.50
3. Employability of TVET graduates and youth	3.50
4. Project Implement Support	0.70

Organizations

Borrower:	Democratic Republic of Sao Tome and Principe
Implementing Agency:	Ministry of Labor and Social Affairs Ministry of Education, Science, Culture and Communication Directorate of Tourism and Hospitality

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

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

DETAILS

World Bank Group Financing

International Development Association (IDA)	10.00
IDA Grant	10.00

IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	Total Amount
National PBA	0.00	10.00	10.00



Total	0.00	10.00	10.00
Expected Disbursements (in US\$, Millions)			
WB Fiscal Year	2019	2020	2021
Annual	0.61	1.54	2.56
Cumulative	0.61	2.15	4.71

	2022	2023	2024
	2.79	1.96	0.55
	7.49	9.45	10.00

INSTITUTIONAL DATA

Practice Area (Lead)

Social Protection & Labor

Contributing Practice Areas

Education

Climate Change and Disaster Screening

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

Gender Tag

Does the project plan to undertake any of the following?	
a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF	Yes
b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment	Yes
c. Include Indicators in results framework to monitor outcomes from actions identified in (b)	Yes

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● Moderate
2. Macroeconomic	● Substantial
3. Sector Strategies and Policies	● Substantial
4. Technical Design of Project or Program	● Substantial



5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Substantial
7. Environment and Social	● Low
8. Stakeholders	● Moderate
9. Other	
10. Overall	● Substantial

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

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01		✓
Performance Standards for Private Sector Activities OP/BP 4.03		✓
Natural Habitats OP/BP 4.04		✓
Forests OP/BP 4.36		✓
Pest Management OP 4.09		✓
Physical Cultural Resources OP/BP 4.11		✓
Indigenous Peoples OP/BP 4.10		✓
Involuntary Resettlement OP/BP 4.12		✓
Safety of Dams OP/BP 4.37		✓
Projects on International Waterways OP/BP 7.50		✓
Projects in Disputed Areas OP/BP 7.60		✓

Legal Covenants



Sections and Description

Not later than one (1) year after the Effective Date, the Recipient, through the DGTH, shall establish and thereafter maintain the EHT as a non-governmental organization with legal personality, with a management, staffing and financing plan, and with objectives acceptable to the Association.

Sections and Description

For purposes of carrying out the Project, the Recipient, through the MF, shall enter into an agreement (the “Interinstitutional Agreement”) with the MEAS, MECCC and DGTH (“Project Co-Implementing Entities”), satisfactory to the Association, not later than sixty (60) days after the Effective Date.

Conditions

Type	Description
Effectiveness	The Project Implementing Entity has hired a senior operations officer in accordance with Section 1.B.2(a) of Schedule 2 to the Financing Agreement and under terms of reference and with qualifications and experience satisfactory to the Association
Effectiveness	The Subsidiary Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Project Implementing Agency to make withdrawals under it (other than the effectiveness of the Financing Agreement) have been fulfilled
Disbursement	No withdrawal shall be made under Category (5) of the Financing Agreement until the Recipient, through MF, has hired a payment agent in accordance with Section 1.A.3 of Schedule 2 to the Financing Agreement.
Effectiveness	The Project Operations Manual has been prepared by the Project Implementing Agency and adopted by MEAS, MECCC and DGTH in form and substance satisfactory to the Association.
Disbursement	No withdrawal shall be made under Category (3) of the Financing Agreement until the EHT Governing Board has been appointed by the DGTH in accordance with Section I.A.2 of Schedule 2 to the Financing Agreement.



I. STRATEGIC CONTEXT

A. Country Context

- 1. The Democratic Republic of São Tomé and Príncipe (STP) is a small island state with a low-middle income economy that has experienced significant economic growth in the past few years.** Its total population is just over 195,000 people and is divided into six districts plus the Autonomous Region of Príncipe (RAP). From 2008 to 2015, STP experienced an average annual gross domestic product (GDP) growth of approximately five percent and GDP per capita grew on average three percent annually¹. STP's economy is based on the agriculture and services sector, with a very small industrial sector. The main economic activities are tourism, retail, transport, communication, and construction. Small scale agriculture and fishing are the main livelihoods for most of the population.
- 2. Unfortunately, robust GDP growth has not translated into significant reductions in poverty and any gains have been largely inequitable.** The last published household survey in 2010, found that two-thirds of the population were moderately poor (using a poverty line of US\$3.10 purchasing power parity [PPP]/day) and one-third were living on less than US\$1.90 PPP/day (global extreme poverty line).
- 3. The incidence of extreme poverty is greater among children and in households headed by women.** Two of every five households in STP are headed by women and among those 57 percent are poor, compared to 48 percent among those headed by men. In the labor market, limited formal schooling is also correlated with higher rates of unemployment among women. Only 53 percent of women aged 15 to 64 actively participate in the labor force compared to 76 percent of men.
- 4. Rates of unemployment amongst youth are high and employment opportunities are limited.** The unemployment rate for those 15 years and over is 13.6 percent (9.3 percent for men and 19.7 percent for women). Unemployment is higher amongst youth (23 percent, almost twice the national average) and in urban areas. The country's labor market is unable to absorb educated youth with approximately one-third of those with some post-secondary education still living below the poverty line. Graduates from existing skills training programs are often unable to find employment due to both the limited number of jobs available and the low quality and limited relevance of the training received. In addition, social protection policies have been unable to alleviate poverty even in a favorable growth environment due to lack of investment.
- 5. STP's human development outcomes continue to improve and the country performs higher than the Sub-Saharan Africa average on the UNDP Human Development Index.** STP has made good progress on key indicators, such as gross primary school enrollment, under-five mortality and access to improved water source and electricity.² In 2015, STP ranked 142 out of 188 countries and territories in the UNDP Human Development Index. In addition, the country met five of the Millennium Development Goals (MDGs) by 2015 and is on track to achieve the Sustainable Development Goals (SDGs) related to hunger and nutrition, healthy lives and equitable access to education by 2030.

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

² World Bank, 2016.



6. **STP's economic growth and progress on human development has been highly dependent on foreign assistance.** More than 90 percent of the public investment program is supported by donors.³ In the foreseeable future, STP will continue to face significant challenges to overcome insularity, small market size, vulnerability to natural shocks and climate change, limited human capital, and scarce tradable resources to generate sustainable and inclusive growth and reduce poverty. Recently, there have also been significant changes in the donor landscape with the discontinuance of Taiwan, China's aid (which averaged US\$16 million annually) and the upcoming significant increase in International Development Association (IDA) financing among others.⁴ Careful attention will need to be paid to ensure that areas previously heavily supported by Taiwan, China particularly the area of human development, are adequately supported to maintain recent progress.

B. Sectoral and Institutional Context

7. **The Government of STP, in its Vision 2030 strategy, has made diversification of the economy and the strengthening of human capital national priorities.** This strategy defines as its main objective to improve the livelihoods for all people in the country by accelerating inclusive, sustainable, and private sector driven growth in key areas including tourism and agriculture. It also underlines as key priorities: (i) reducing poverty in rural and coastal areas; (ii) promoting employment of young people through education and training; (iii) ensuring protection of the environment and improve inspection and enforcement capacity; and (iv) strengthening the health system.⁵ Rather than addressing each of these key priorities as separate interventions, the Government intends to create synergies across sectors. For instance, efforts to reduce poverty and expand the country's safety nets system together with initiatives to promote greater access to skills development programs would have a greater impact than if these two priorities were treated separately. The provision of labor market relevant skills development programs combined with cash transfers and complementary interventions to vulnerable households, can be effective in reducing poverty and providing greater economic opportunities.

Social Protection

8. **To address poverty challenges, STP has made significant progress in social protection in recent years and is guided by the National Social Protection Policy and Strategy (PENPS) approved in early 2014.** This strategy aims to establish a social protection system that protects the Santomean population, especially poor households and children, against natural and idiosyncratic shocks, and in turn, contribute to poverty reduction. The Ministry of Employment and Social Affairs (MEAS) through its Directorate of Social Protection and Solidarity (*Direcção da Protecção Social e da Solidariedade Social*, DPSS) is responsible for the overall implementation of this strategy which has five objectives, namely: (i) eliminating extreme poverty through conditional cash transfers and activities promoting human capital development; (ii) developing a robust mandatory contributory social protection system; (iii) promoting employability of vulnerable groups like the youth, women and the disabled; (iv) developing adequate delivery systems for the implementation of social protection programs; and (v) defining adequate coordination mechanisms for the social protection sector.
9. **In the strategy, three safety nets programs are supported:** the Social Pension Program, the Vulnerable Families Program (VFP) (Conditional Cash Transfers [CCTs]) targeting poor households with working age members) and the

³ World Bank, 2014.

⁴ World Bank, Performance and Learning Review for the period FY14-FY18. Report No. 112944-ST.

⁵ Republica Democratica de Sao Tome e Principe, 2015.



Labor-Intensive Public Works Program. Despite these new programs, older ones are also still implemented today: Subsidy to the Unknown⁶, Continuous Subsidy⁷ (both pension programs) and the Needy Mothers Program⁸. In addition, DPSS has also created other programs to complement the cash transfers which are aligned with the objectives defined in the PENPS. One of these programs is the Parental Education Program (PEP)⁹ aiming to improve the development of vulnerable children by providing parents with tools and knowledge on empowering them as parents as well as how to positively stimulate their children.

10. **Ongoing safety net programs in STP are underfunded, have low coverage and benefit amounts, and fail to deliver timely and regular transfers to extreme poor populations.** The budget allocation in STP for social protection does not provide sufficient coverage and generosity through the three above-mentioned safety net programs. In 2016, the country budgeted less than 0.65 percent of the GDP to social protection and social assistance which is well below the African regional average of 1.2 percent of GDP and is amongst the lowest in the region.¹⁰
11. **DPSS has serious operational constraints which prevent it from effectively implementing, supervising and monitoring the above-mentioned programs.** DPSS is underfunded and understaffed, with only seven civil servants managing the programs at the national level, and has a high level of turnover. It is led by a National Director, who is responsible for the technical aspects of program implementation, coordinating with development partners, and advising the Minister on social policies. The other staff working under the National Director do not have terms of reference (ToRs) and there is limited coordination among them. The office does not have computers, a management information system (MIS) or regular data collection.
12. **To mitigate against the above-mentioned weaknesses, the proposed project aims to build on ongoing technical assistance (TA) to provide the foundation for a well-functioning social protection system.** To enable the implementation of well-targeted social assistance programs in STP, the Government benefited between 2014 and 2017 from two grants provided by the Rapid Social Response (RSR) Trust Fund - Building Blocks for the Social Protection System in São Tomé and Príncipe (P149534) and Development of Effective Delivery Systems for Social Protection (P163445). The proposed project will support the upgrade and scale-up the core social protection delivery systems and will increase MEAS' and DPSS' capacity to use them to ensure the effective management of safety net programs. More specifically, the project will support the operationalization of these systems under the VFP and PEP.

Skills Development

13. **In STP, technical and vocational education and training (TVET) is provided by a handful of public and private institutions and through a TVET track in secondary education.** The three public TVET institutions in STP are spread across three ministries – one under MEAS, one under the Ministry of Education, Culture, Science and

⁶ The *Subsidy to the unknown* targets the elderly who on occasion had contributed to their retirement but without reaching the minimum level necessary for the National Social Security Institute (*Instituto Nacional de Segurança Social*, INSS) pension (120 monthly contributions).

⁷ The *Continuous subsidy* for the elderly poor who have never contributed towards their retirement and for poor people with disabilities. This social pension is paid every three months.

⁸ The *Needy Mothers* program (*Programa Mães Carenciadas*) provides financial support to poor mothers with 3 or more children conditioned to attendance of children to primary school.

⁹ The PEP aims to improve the stimulation children receive during their first 1,000 days and promotes positive care practices among parents through training.

¹⁰ World Bank, Africa Social Protection Policy Briefs, 2012. Affordability and Financing of Social Protection Systems.



Communication (*Ministério da Educação, Cultura, Ciência e Comunicação*, MECCE), and one under the Ministry of Agriculture and Rural Development (MADR). Nearly 1,000 students graduate from these institutions annually in various professional areas through a combination of shorter informal courses and more formal training programs that last up to three years. There is a lack of clarity about these different institutions' roles and responsibilities and very little dialogue across ministries. This is partially the result of various donor-financed initiatives over the years which were often not well coordinated and their presence in the sector temporary. The institution that has received the most consistent support is the Professional Training Center Budo-Budo (*Centro de Formação Profissional*, CFP Budo-Budo) under MEAS. The Portuguese Cooperation (*Cooperação Portuguesa*, CP) supported the establishment of the center in 2002 and continues to provide the center with financial and technical support. Other donors present in the sector in recent years have been the African Development Bank (AfDB), the Government of Brazil, the CP, and UNDP although many several of these donors are no longer active in the sector.

14. **There is a significant need to improve overall governance and coordination in the skills development sector.** Due to high turnover in leadership, previous efforts to improve the governance of the sector have been unsuccessful and the system suffers from pervasive fragmentation, poor coordination, and weak links to the labor market. In 2012, a decree was passed to establish a national legal framework for skills development and a coordination unit comprised of government and private sector representatives responsible for identifying training needs, coordinating and monitoring training institutions' activities and avoiding duplication; today there is little evidence that this coordination unit was ever established. Additionally, a recent report produced by the International Labor Organization (ILO) suggested that the institutional arrangements outlined in the National Employment Policy to coordinate the skills sector (i.e., several new departments, a labor observatory, a fund, etc.) are too cumbersome and inappropriate for a small country like STP.
15. **The TVET track in secondary schools is known as Secondary Professional Qualification Course (*Curso Secundario Profissionalmente Qualificante*, CSPQ).** In the 2016/17 academic year, there were approximately 1,000 students enrolled in six different course offerings – Business Administration, Pre-Primary Education, Environmental Tourism, Public Administration, Humanities/Law, and Agriculture and Animal Production. Students that complete these three-year courses receive a dual certification including a secondary school completion certificate and a professional certification in their chosen area. Demand for these courses is high and there is often not enough space to accommodate all students.
16. **Even the most basic data about the performance of the sector and needs of the labor market are not readily available.** To date, there have been almost no employer and/or beneficiary survey or tracer studies conducted by TVET institutions to better understand the employability of graduates and adjust programs offered. As part of project preparation, a tracer study was piloted to collect data on various tourism courses and entrepreneurial courses being offered in STP. This study was done electronically to facilitate ease of analysis and with the use of a simple, short survey data were collected in less than a month with relatively few additional costs. To improve the performance of the sector, there is a significant need to increase the use of tracer studies to place more attention on training outcomes and to better understand the needs of the labor market. It is expected that the recent household survey, which included an employment module, will help to shed further light onto the country's job market.
17. **Inadequate attention given to improving governance, strengthening institutional capacity, and creating strong linkages with the labor market under previous skills initiatives resulted in limited sustainability and employability of TVET graduates.** The current system has multiple abandoned training center buildings, nearly



empty classrooms, and numerous laws/decrees that were never operationalized. Lessons learned from previous experiences are that proposed solutions must be simple and include significant investments in building the capacity of various stakeholders and local institutions and ensure stronger links between skills training programs and the labor market. Many past investments focused primarily on infrastructure – moving forward, projects should take advantage of existing infrastructure and only make small adjustments where needed. Alternatively, more focus should be given to improve the relevancy and quality of training offered. There must also be shift in the mindset of the sector to focus less on simply the provision of various training programs but more so on results and the employability of its graduates.

18. **TVET courses in STP face several challenges.** The physical infrastructure of many of these institutions is modern with ample space to accommodate the current supply and demand. However, due to a lack of coordination, insufficient linkages with the labor market, and overall low quality of the training provided, the current system is ineffective in preparing graduates with the skills needed to enter the labor market. The overall perception by the private sector is that the quality of the training provided is very low due to inadequately trained trainers, curricula that are very theoretical with limited practical training, and misalignment of the programs offered with the needs of employers. There is little to almost no practical training and trainers often lack sufficient content knowledge and hands-on experience in the areas they teach. There have been a few recent examples where the private sector has developed and financed their own training programs to ensure employees have the skills and competencies required. This is particularly true in the tourism sector.
19. **Tourism is a key area of economic growth and has great potential for job creation.** Based on the potential of tourism to improve employability across various socio-economic levels, the Government of STP has prioritized tourism in its overall national development strategy. The Government has taken recent measures to promote tourism such as the approval of 15-day visa free access for citizens from the European Union (EU), United States, and other Portuguese speaking countries. Tourism is now the primary source of foreign exchange and represents nearly 15 percent of GDP. Between 2010 and 2016, the number of tourists visiting STP annually grew from 8,000 to 29,000 representing an increase of more than 260 percent.¹¹ Growth of the tourism sector, however, is still constrained by a lack of workers with skills in tourism, and other critical areas.
20. **The current supply of training programs to support growth in the tourism sector is insufficient.** There are few existing short and longer-term courses related to tourism in STP. However, most suffer from curricula that are too theoretical, trainers that are poorly qualified, and weak links to the labor market. As a result, learning outcomes are low and most of these programs fail to lead to opportunities for employment for its graduates. There is a need to improve the quality of existing programs, create new ones and increase overall numbers trained, and work closely with the private sector to ensure quality. With the support of TA provided by the World Bank through the Sao Tome and Principe Investment Climate Project¹², the country recently developed a comprehensive National Strategy for Tourism. This strategy will be instrumental in identifying the skills and training programs required in the next five-seven years to meet the growing demand.
21. **While there are some opportunities for employment in both the public and private sectors, they are insufficient to meet the growing demand.** There is a significant need to develop entrepreneurial attitudes and skills amongst the population to encourage self-employment and job creation. A number of small initiatives by other donors are underway in this area such as the ILO, United Nations Industrial Development Organization (UNIDO), and the CP,

¹¹ Government of STP, Plano Estratégico e de Marketing para o Turismo de STP, 2018.

¹² IFC Advisory Services. Project #594467.



however, they lack the financing to bring these to scale and the number of beneficiaries to date has been limited.

C. Relevance to Higher Level Objectives

22. **The proposed project is aligned with the second Poverty Reduction Strategy Paper (PRSP II) for STP which is aimed to boost growth and job creation - and thus reduce poverty.** It aligns specifically with the third pillar of this strategy which is “enhancing human capital and extending basic social services.” This pillar underlines the importance of: (i) promoting initiatives for the effective protection of vulnerable or disadvantaged social groups; (ii) guaranteeing equality and gender equity; and (iii) promoting vocational training in priority development areas.¹³ As for the increased access to skills development programs, the project will support the development and implementation of various training programs aligned with the labor market needs identified under the National Strategy for Tourism.
23. **The project is also aligned with the National Development Plan (2017-2021) (NDP) which aims, among other things at accelerating growth and reducing poverty.** The project would specifically support the Government of STP in achieving three of the five strategic objectives, namely: Objective 1 of tapping into the country’s development potential; Objective 2 of improving the human development of citizens; and Objective 3 of improving governance.
24. **The proposed project is also aligned with STP’s PENPS.** The project would specifically support Objective 1 of the PENPS on eliminating extreme poverty through cash transfers and human development initiatives; Objective 3 on promoting employability for vulnerable populations such as the youth and women; Objective 4 on increasing effectiveness of the social protection system through the development of adequate delivery systems such as a targeting system, a payment system, a monitoring and evaluation (M&E) system or a grievance redress mechanism (GRM); and Objective 5 on improving sectoral and intersectoral coordination.
25. **In addition, due to the gender dimension of poverty in STP, the project will also support the National Strategy for Gender Equity and Equality (ENIEG).** The project will contribute to ENIEG’s main objectives of: (i) economic promotion of women in rural and urban areas; (ii) promotion of equality and equity in education and training; and (iii) strengthening the capacities of the institutions working on gender equality and equity. The project supports specific activities that contribute to the economic and productive inclusion of women and strengthen the capacity of ministerial staff to implement gender-sensitive approaches in social protection and skills development programs.
26. **The project also contributes to the achievement of the Country Partnership Strategy (CPS)¹⁴ for STP FY14-FY20 updated by the Performance and Learning Review carried out in 2018.** The CPS is structured around two core pillars: (i) supporting macroeconomic stability and national competitiveness; and (ii) reducing vulnerability and strengthening human capacity. By enhancing and expanding the country’s current safety nets system and promoting greater access to skills development initiatives, the project intends to directly contribute to the second pillar and support two of the CPS’s expected outcomes to: (i) improve poverty targeting; and (ii) increase access to skills development programs.

¹³ Government of STP, Poverty Reduction Strategy Paper, 2014.

¹⁴ Report No. 83144-ST.



27. **The project is also aligned with the World Bank Social Protection and Labor Strategy for Africa (2012-2022).** It supports the overarching goal of helping improve resilience equity and opportunity for people in both low-and middle-income countries and will follow the strategic direction of moving from fragmented approaches to more harmonized systems for social protection.
28. **Finally, the project would contribute to the World Bank’s twin goals of ending extreme poverty and boosting shared prosperity.** The project aims to enhance income and consumption through enhanced opportunities and through social protection for the poorest. The project would boost shared prosperity, by increasing the focus on the poorest households and supporting their incomes. A proper targeting system will be developed to properly identify the poorest households in the selected municipalities. Further, cash transfers will be complemented by facilitating access to skills development initiatives to promote access to economic opportunities that would enable a sustainable graduation out of poverty.

II. PROJECT DESCRIPTION

A. Project Development Objective

PDO Statement

29. The Project Development Objective (PDO) is to support the development of an effective national safety net system for poor households and inclusive and labor market relevant skills development programs.
30. Effectiveness will be measured by the capacity of the safety net system to increase coverage of its program and its ability to target the extreme poor. Inclusiveness will be measured by the ability of skills development programs to integrate individuals from the lowest income quintiles and to promote gender balance in their training programs.

PDO Level Indicators

31. The project’s performance in achieving the PDO would be measured through the following key outcomes indicators:
- Number of beneficiaries of social safety net programs (CRI)
 - Percentage of which are female
 - Number of which are other cash transfers programs
 - Number of which other social assistance programs
 - Percentage of beneficiary households in Q1 and Q2 of the income distribution
 - Number of participants completing labor market relevant courses in tourism supported by the project
 - Number of safety net beneficiaries completing courses in tourism supported by the project
 - Percentage of which are female
 - Number of safety net beneficiaries completing entrepreneurial training course (*Curso de Apoio a Criação do Próprio Emprego* - Support to Create your Own Business, ACPE)
 - Percentage of which are female



- Percentage of graduates from Hospitality and Tourism School (*Escola de Hotelaria e Turismo*, EHT) that are employed within 6-months of graduating¹⁵

B. Project Components

Component 1 – Institutional and Capacity Strengthening (US\$2.3 million equivalent)

32. The specific objective of this component is to strengthen the capacity of ministerial staff and institutions responsible for activities in the social protection and skills development sectors. To achieve this objective, this component supports: (i) the development of governance frameworks and basic M&E and service delivery systems for both social protection and skills development initiatives; and (ii) targeted capacity building and TA to support implementation. The project focuses on institutional strengthening to sustain initiatives and future work in these two sectors. This component is divided into two subcomponents, aligned with the institutions responsible for implementing social protection and skills development programs, respectively. See Annex 2 for a detailed project description.

Subcomponent 1.1 – Building permanent delivery systems to implement social protection programs (US\$1.5 million equivalent)

33. This subcomponent is expected to increase the effectiveness of the social protection system by developing delivery systems that enhance the effectiveness and efficiency of the social protection sector and allow MEAS to better manage their programs. The specific systems to be further developed under the project include the following:

- **Targeting system.** The targeting system will include (i) geographical targeting through poverty maps; (ii) individual targeting through a proxy means test (PMT) formula; and (iii) community validation.
- **Payment system.** A payment system will be established, building on the recommendations of the study financed by the on-going TA financed by a World Bank-executed Trust Fund and on the results of a bidding process to be carried out by DPSS¹⁶.
- **MIS.** An MIS specifically for the VFP will be designed and implemented. In addition to the Social Registry (SR) and identification modules already developed, the following would be included: (i) payments; (ii) M&E; (iii) a referral to skills development programs, including a simple job profiling tool to help identify the skills training courses most suited for different participants; and (iv) GRM.
- **M&E system.** The project would help MEAS and DPSS improve their M&E system by: (i) defining a results framework for the VFP; (ii) conceptualizing the instruments to be used to monitor existing programs; and (iii) assessing beneficiary satisfaction.

¹⁵ Employed graduates are defined as those individuals who successfully complete the training and have a job or self-employment that requires work at least 20 hours per week 6 months after graduating.

¹⁶ Criteria to select the payment agency, will be: (i) the cost of the transfers; (ii) use of electronic systems to minimize fraud and error; (iii) beneficiary households should not be required to travel long distances to cash their benefits; (iv) the ability to transfer payments every two months; and (v) the ability to allow reconciliation of payments after each transfer.



- **Monitoring of co-responsibility compliance.** While during the lifetime of the project co-responsibilities will not be strictly enforced, a system for monitoring compliance of primary school attendance for children of beneficiary households will be developed.
- **Communication system and strategy.** The project will support MEAS and DPSS to set up a communication system and strategy for the sector and specifically for the VFP. Communication activities will provide key information to external and internal audiences to help create awareness and understanding and improve participation/outreach.
- **GRM.** An information and complaint redress system to enable both beneficiary and non-beneficiary households to inform and lodge complaints about selection, payments, compliance, quality of services and any other issue arising during implementation and seek redress will be designed and implemented under the project.

34. **TA.** This subcomponent will also finance specialized TA to help DPSS establish the social safety net system. The TA will include at a minimum (i) an Operations Officer; (ii) an MIS Specialist; (iii) a Communications Specialist; (iv) an M&E Specialist; (v) a Complementary Activities Specialist; and (vi) a Payments Specialist. These technical specialists will be based within MEAS under the supervision of the current Director of DPSS and interact with MEAS staff for all policy and technical matters.

35. **Knowledge generation and capacity-building activities.** Knowledge generation and other activities to enhance the capacity of MEAS and DPSS staff include: (i) updating poverty and vulnerability maps; (ii) mapping the existing supply of social services and assistance programs at the district and municipal levels; (iii) carrying out capacity building activities to conduct research and analyze data; (iv) carrying out evaluations of social protection programs; and (v) other training as needed to increase the capacity of MEAS and DPSS staff to manage and implement social protection programs.

Subcomponent 1.2 – Strengthening governance and institutional capacity in the skills development sector (US\$0.8 million equivalent)

36. **This subcomponent aims to strengthen the governance framework and institutional capacity in the skills sector to effectively design and implement market-relevant training programs that lead to higher rates of employment of TVET graduates and contribute to economic growth.** Under this subcomponent, the project will support: (i) the establishment of an National Skills Development Coordination Committee (NSDCC); (ii) development of a National Skills Development Plan for key growth sectors i.e., tourism, agriculture, etc.; (iii) tracer studies on employability and income levels of TVET graduates; and (iv) capacity-building of key staff in the sector to provide more labor market-relevant skills development programs. The NSDCC will include representatives from ministries responsible for skills development programs (e.g., MECCC, MEAS, MADR and Ministry of Finance [MF]), TVET institutions, and individuals from the private sector in key industries/growth sectors. The tracer studies will track TVET graduates' labor market outcomes and include beneficiary and employer surveys. All four TVET institutions (i.e., CFP Budo-Budo, Centro Politecnio, Agriculture and Livestock Technical Improvement Center (*Centro de Aperfeiçoamento Técnico Agropecuário*, CATAP), and the EHT and the Directorate of Technical and Professional Education and Education for Youth and Adults (*Direção do Ensino Técnico Profissional e da Educação para Jovens e Adultos*, DETPEJA) will be required to conduct these studies on an annual basis and use their results to develop annual training plans.



Component 2 –Vulnerable Families Program Conditional Cash Transfer (US\$3.5 million equivalent)

37. The objective of this component is to increase income and consumption of poor households participating in the VFP in STP, through the provision of regular cash transfers and accompanying measures including a PEP and skills training opportunities under the project. Provision of labor market relevant skills combined with cash transfers and complementary interventions to vulnerable households can be effective in reducing poverty and providing greater economic opportunities.

Subcomponent 2.1 – Conditional Cash Transfer VFP (US\$3.1 million equivalent)

38. **This subcomponent aims to support the transition of the conditional cash transfer Needy Mothers Program to the conditional cash transfer VFP; and the scale up the program to include additional beneficiaries in all districts of the country.** Beneficiaries to be supported under the project are expected to reach 2,570 extreme poor households, including the approximately 850 households already registered under the Needy Mothers program and then another 1,720 new households distributed across all six districts and RAP that will be selected using the targeting methodology developed under Component 1 of the project.

39. **In order to increase the impact of the cash transfer, the VFP will be complemented by the PEP as an accompanying measure for household’s main beneficiaries.** Under the project, the current PEP will be enriched to increase awareness on various human development issues including: (i) rights and responsibilities as a Program beneficiary; (ii) early childhood development; (iii) mitigation of gender-based violence; (iv) management of household finances; and (v) soft skills and citizenship. A Complementary Activities Specialist will be recruited to help coordinate these activities and develop adequate materials and MEAS will competitively recruit one or more non-governmental organizations (NGOs) to carry out the outreach programs.

Subcomponent 2.2 – Skills Training Opportunities Targeted to VFP Beneficiaries (US\$0.4 million equivalent)

40. **In order to increase the inclusiveness of skills development programs, this subcomponent will provide greater opportunities for vulnerable households to participate in skills training activities.** Under this subcomponent, at least 300 members of VFP beneficiary households will benefit from skills training courses supported by the project. VFP beneficiaries will be able to participate in one of two training options: (i) an entrepreneurship/small business administration course (ACPE) (described below); or (ii) short and medium-term courses in tourism offered by the National EHT in STP to be established (as described under Component 3). These activities have been selected given their relevancy to the labor market and potential to lead to employment. A referral system for beneficiaries of the VFP to access TVET initiatives will be developed and tested under the social safety net program.

41. **ACPE is a seven-week training on how to set up a business, highlighting key concepts on how to develop a strong business idea and plan.** This course is offered outside of the capital in each of the six districts. Under the project, supplementary materials that provide specific examples of potential eco-friendly, sustainable, tourism-related small business ideas will be developed. The project will support the expansion of this course to reach a total of 120 VFP beneficiaries and enable those the lower end of the socioeconomic scale living outside of the capital to create businesses that benefit from economic growth in key areas such as tourism. It will also provide a small stipend of approximately US\$400 to those training graduates who develop an approved business plan (see Annex 2 for more details).



42. **Short- to medium-term courses in tourism.** At least 180 VFP participants residing in Agua Grande and meeting the minimum selection criteria will have the opportunity to enroll in short to medium terms courses at the EHT established under the project. The project will cover all of these participants' tuition fees.

Component 3 –Employability of TVET graduates and youth (US\$3.5 million equivalent)

43. **This component aims to support the development and delivery of quality training programs in STP, with a specific emphasis on skills development needs in the Tourism sector and developing entrepreneurial skills.** Building on the recently issued National Strategy for Tourism in STP, the project will support efforts to increase the supply of skilled labor – with a focus on ensuring skills provided are adequate for meeting labor market demand. Further, based on the limitations of size of the private sector, a specific program intended to foster a greater entrepreneurial mindset amongst youth in STP will be supported. This component includes two subcomponents: (i) establishing a National EHT in STP; and (ii) building entrepreneurial skills among all secondary school students.

Subcomponent 3.1 – Establishing a National Hospitality and Tourism School (US\$2.7 million equivalent)

44. **The objective of this subcomponent is to establish a EHT that provides market-relevant and certified training that leads to jobs and increased wages of trainees.** The school will support the growth and competitiveness of STP's tourism industry by working closely with the Government and offering short, medium, and long-term courses (ranging from three months to three years) in areas identified as priorities under the National Skills Development Plan. The long-term courses will follow the official dual-certification secondary vocational education program that provides graduates with an academic certification and a vocational certification. The expected 700 trainees will include a combination of existing employees in the tourism sector, unemployed youth/adults, students in secondary education, and 180 beneficiaries of the VFP. Tuition fees for the trainees from the VFP will be paid for directly by the project while other trainees will be expected to pay a fee to incentivize active student participation and lay the groundwork for a sustainable financing mechanism.
45. **The project will finance international TA to establish the national EHT in STP based on international standards.** The TA would support: the initial establishment and management of the school, including a business plan, initial teaching of trainees, training of trainers, curriculum development, trainee and trainer certification, and tracking employment outcomes of graduates. Directorate of Tourism and Hospitality (*Direcção Geral do Turismo e Hotelaria*, DGTH) will also develop a GRM for the school to handle any complaints regarding issues related to selection of students, behavior of school staff, etc. The school is expected to eventually become a NGO that is private sector-led with key government participation. The Governing Board, led by DGTH, consisting of three representatives from relevant ministries (i.e., DGTH, MECCC, and MEAS) and four representatives from the private sector will guide the establishment of the school and delivery of training programs. The school will be legally established after the first year of the project, based upon an appropriate management, staffing and financing plan. In the initial stages, the school will occupy existing training facilities based upon the needs for classrooms and facilities available for practical training. If necessary, limited equipment will be purchased for the hospitality and tourism school (EHT).



Subcomponent 3.2 – Building entrepreneurial skills among secondary school students in STP (US\$0.8 million equivalent)

46. **The objective of this subcomponent is to integrate entrepreneurial skills into the general secondary education curriculum and foster more job creation in STP.** Together with UNIDO, MECCC has begun developing a new training program on entrepreneurial skills to be integrated into the secondary education curriculum. This curriculum is based on similar models successfully implemented in other Portuguese speaking countries in Africa. The project would finance the work required for MECCC and UNIDO to further develop this curriculum and fully implement it all secondary schools in STP. Existing teacher manuals and student textbooks for grades 10 and 11 would be adapted to (i) the STP context in terms of government policies and procedures and priority economic sectors; and (ii) be gender-sensitive and promote women’s socio-economic improvement. It is expected that 120 teachers in addition to 20 school directors and pedagogical supervisors will participate in at least 80 hours of training each year so by the end of the project, there is a sufficient number of teachers trained to support the program in all secondary education schools and TVET centers offering CSPQ courses. The new Entrepreneurship Education Office under DETPEJA that was recently established will be responsible for overseeing all activities related to integrating entrepreneurship into the secondary education curriculum. These staff will benefit from significant TA and implementation support from UNIDO under the project.

Component 4 – Project Implementation Support (US\$0.7 million equivalent)

47. **This component will directly finance the costs associated with the fiduciary management of the project and the staff required to oversee coordination across ministries and project M&E.** Per the agreement with the MF, all technical aspects of World Bank-financed projects are to be handled by the respective ministries while all fiduciary aspects are to be handled by the Fiduciary Agency for Project Administration (*Agência Fiduciária de Administração de Projectos*, AFAP). Given the multi-sectoral nature of the project, in addition to the shared fiduciary staff across World Bank-financed projects, the project will also recruit a Senior Operations Officer to be based at AFAP to coordinate between the ministries, particularly for the skills development activities that involve more than one Ministry, and liaison effectively with AFAP and technical teams regarding fiduciary aspects.

C. Project Beneficiaries

48. **Direct beneficiaries will include:** (i) extremely poor families participating in the VFP and PEP; (ii) extremely poor individuals and other unemployed/employed individuals participating in project-supported skills development training programs¹⁷; (iii) government representatives and TVET center administrators responsible for overseeing social protection and skills development programs; (iv) nationals selected to be future school administrators and trainers at the EHT; and (v) secondary education teachers and students participating in the entrepreneurial training program. A total of approximately 10,810 individuals are expected to benefit from the project as follows:

- **Component 1.** The following will receive training and capacity-building: (i) for social protection, at least 30 MEAS and DPSS staff; and (ii) for the skills sector, approximately 10 representatives from MF, MECCC, MEAS, and MADR and 20 administrative staff from TVET institutions.

¹⁷ In all project activities, female-headed households and women will be prioritized to address existing inequalities in terms of employment opportunities and other social disadvantages.



- **Component 2.** An estimated 2,570 households will receive cash transfers. All 2,570 households under the VFP will participate in the PEP and at least 300 of the 2,570 will benefit from project-supported skills development initiatives.¹⁸ At least 120 VFP beneficiaries will also benefit from a small stipend to set up a small business.
- **Component 3.** Subcomponent 3.1 is expected to provide certified training in tourism related areas for approximately: (i) 30 national trainers and administrative staff for the EHT; and (ii) 525 secondary education students (*dual certification*) and unemployed and employed youth/adults. Subcomponent 3.2 is expected to provide capacity building in the area of entrepreneurship to approximately: (i) 120 secondary school teachers; (ii) 7,500 secondary students (grades 10 and 11); and (iii) five staff that work with the newly established Entrepreneurism Education Office within DETPEJA.

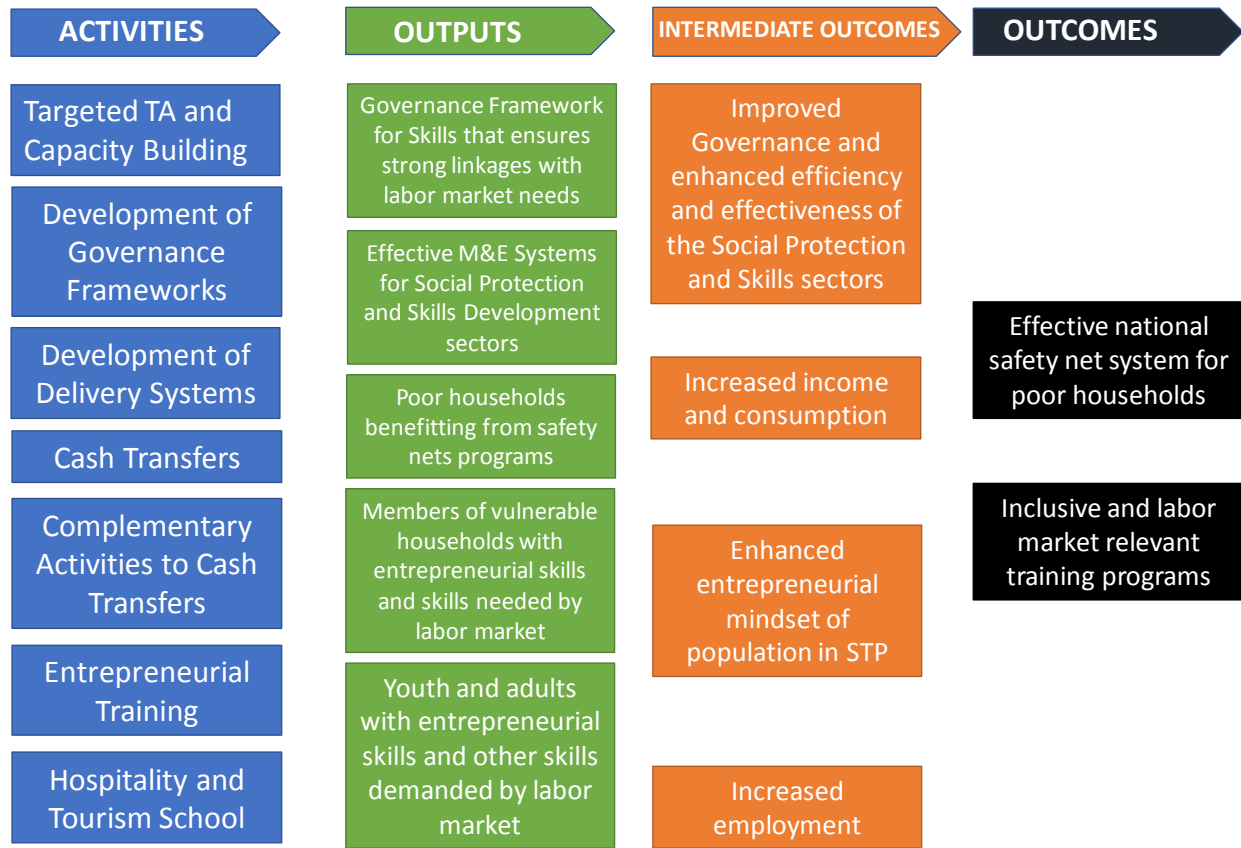
D. Results Chain

49. **Problem Statement:** High levels of poverty due to limited efficiency and low coverage of the safety net system, and poor linkages between skills development programs and labor market needs, as well as limited opportunities for employment.
50. **Under the project, the theory of change underlies the relationship between project-supported activities and expected outputs and outcomes.** The project will help increase coverage and efficiency of social protection and skills development interventions using a systems approach. Targeted TA, capacity building activities to government staff, and the development of adequate delivery systems for program management are expected to contribute to: (i) the creation of a governance framework for skills that ensures links to the labor market; and (ii) the establishment of proper M&E systems for social protection and skills development programs. Improved coordination through the governance framework and enhanced M&E of programs would improve the governance (transparency, accountability, and efficiency) and effectiveness (adapted interventions to specific target groups) of the social protection and skills development sectors.
51. **The proposed project will help scale up CCTs, behavioral change activities and training in entrepreneurial skills and tourism in the country.** It is expected that a large number of extreme poor households (up to 91 percent) will be covered by these initiatives, which will likely increase income and consumption of these households, and therefore reduce poverty. Provision of labor market relevant skills combined with cash transfers and complementary interventions to vulnerable households can be effective in reducing poverty and providing greater economic opportunities.
52. **The project will support the establishment of an EHT to provide market-relevant training opportunities and support the country in building a sustainable national institution capable of building a labor force that is responsive to market demand.** Entrepreneurship training in secondary education is expected to enhance an entrepreneurial mindset among youth – giving them the tools and confidence to create their own businesses. Together, the proposed project is expected to increase employability of beneficiaries, provide sustainable opportunities for economic gain, and reduce poverty in the short- and longer-term particularly amongst the extreme poor.

¹⁸ Once the targeting mechanism under the VFP has been firmly established, the training programs piloted, and tracer studies conducted, it is anticipated that this number may increase.



Figure 1. Results Chain



E. Rationale for World Bank Involvement and Role of Partners

- 53. **The World Bank has significant regional and global experience in supporting innovative social safety net and skills development interventions in countries with limited financial and operational capacity.** The World Bank has already supported the implementation of CCTs and skills initiatives linked with the labor market with very positive results in several countries in the Region including Tanzania, Kenya, Malawi and Rwanda among others.
- 54. **The proposed project represents a continuation of World Bank support to these sectors in recent years.** The project is based on the TA provided by the World Bank to the country over the last three years which provided targeted support to the safety net programs and development of the national tourism strategy.
- 55. **World Bank support to the social protection and skills sectors is important given the limited fiscal space for scaling up social protection and skills development programs and limited donor support to these sectors.**¹⁹ The proposed project will provide additional required resources to support achievement of the government’s

¹⁹ Recent analysis carried out by the World Bank has shown that the high level of debt from the Government does not allow to free additional fiscal space to expand the coverage and generosity of social programs. Operationalization of the Social Protection Policy and Strategy. World Bank. 2014.



objectives in these sectors. This financing is also expected to build on and leverage additional financing and targeted support from other donors. Support from development partners in each sector is as follows:

- **Social Protection:** United Nations International Children’s Emergency Fund (UNICEF), ILO, and the CP are active partners in STP. Although most of this support is mainly geared towards policy support and capacity-building, they do provide some support for small-scale programs targeting vulnerable households. For the time being, partners’ support would be limited to the provision of TA for activities to accompany cash transfers, with NGOs competitively selected to implement these activities.
- **Skills Development:** ILO, the CP, and UNIDO, are currently the most active donors in the skills sector in STP. However, the amount of financing is limited and insufficient to bring various initiatives to scale. The project has been designed to join forces and bring smaller initiatives to scale in order to achieve greater overall impact. The project will directly work with UNIDO to continue its ongoing work with MECCC to establish and bring to scale the entrepreneurial skills training program in secondary schools in STP. The project will also collaborate closely with the ILO and the CP to further develop and expand the ongoing ACPE course to help establish small businesses for the most disadvantaged populations. The private sector will be an important partner in this project in order to ensure the relevancy of TVET programs. The private sector, and two of the largest companies with hotels on the islands – the Pestana Group and Here Be Dragons, in particular, will be essential partners in establishing the EHT. Collaboration with the private sector, in key areas such as tourism and agriculture, will be an integral aspect of the project – ensuring their membership in NSDCC and participation in the development of the National Skills Development Plan.

F. Lessons Learned and Reflected in the Project Design

56. **The project design incorporates lessons learned from recent TA and projects supported in the country and beyond in social protection and skills development as follows:**
57. **A systems approach can reduce existing fragmentation in both the social protection and skills development sectors.** The current fragmentation is largely the result of a lack of coordination among various partners and unpredictable donor financing. Effective poverty reduction in STP requires a multi-sectoral approach and intersectoral coordination. Although coordination bodies in both sectors have been legally established, they are not fully operationalized. As a result, there is limited coordination among service providers with different mandates, priorities and approaches resulting in duplication of efforts and inefficiencies. By strengthening systems in each of the sectors, including a robust M&E system to inform decision-making, services are likely to be provided in a more coordinated, targeted and efficient manner.
58. **In order for each of these systems to be sustainable, there needs to be a strong focus on institutional strengthening and capacity building.** Currently, departments in these sectors are understaffed and underfunded and they lack adequate management tools to properly implement and coordinate programs. Under the project, additional training in areas including governance, program oversight and M&E will be provided. The project, therefore, will provide ample training opportunities for core sector staff and will focus on ensuring skills transfer to key departments. In addition, adequate management and M&E instruments (i.e., MIS, GRM, etc.) will be developed so that the VFP and skills development activities can be effectively managed in the long-term.



59. **Effective poverty reduction in STP requires a diverse set of interventions.** To address poverty reduction, a variety of activities are needed to effectively meet the needs of the most vulnerable populations. Research has found that cash transfers have a greater overall impact when they are accompanied by complementary measures (e.g., training programs, school feeding, etc.). In addition to providing resources to meet immediate needs – the project includes a mandatory PEP and targeted training opportunities for VFP beneficiaries to support skills acquisition and future employment opportunities.
60. **Existing gender imbalances in STP should be considered when targeting social services and skills development training activities.** Data on illiteracy and employment rates show that women are significantly disadvantaged in STP. In the labor market, low levels of schooling among women has resulted in higher rates of unemployment and lower wages. The low ability of women to earn an income and obtain qualified jobs has created a gender imbalance in status and power that in many cases translates to gender-based violence. Hence, the project will support actions to build greater economic and social resilience of both younger and older women.
61. **The size of the country and existing capacity should be taken into account when designing skills development initiatives.** Previous skills development projects in STP were often complex in their design and focused heavily on infrastructure. While policies were developed, most were never operationalized and since capacity-building was not a priority, many of the buildings were left empty. The current project includes greater attention in developing sufficient capacity to coordinate across ministries and oversee results-focused skills development programs. Additionally, given the size of the population, it is more efficient to create fewer separate programs and instead consolidate training programs that can then be adapted to different target populations i.e., secondary school students, unemployed youth, and employed individuals. Hence, it has been agreed that the EHT to be established will provide courses for all of these different target populations; the other TVET institutions will no longer offer separate courses in tourism but focus on other priority areas where they have a comparative advantage.
62. **Investments in the skills sector need to be more focused on results in STP.** The current system does not use M&E tools, such as tracer studies, to determine whether TVET programs are ultimately successful in creating greater employment opportunities and increasing incomes for its graduates. Without this focus on employability, many programs in the past have not established strong links with the labor market and training programs fail to produce graduates with the skill sets and practical training required by employers. The project is specifically focused on creating a strong M&E system to support a shift to more results-based financing in the sector and creating mechanisms to collaborate more effectively with the private sector and potential employers.

III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

63. **The proposed project will be implemented over five years.** The emphasis of the first year after effectiveness will be on enhancing government capacity and consolidating the institutional building blocks of the social safety net system and skills development sectors. A more detailed description of the institutional and implementation arrangements for the project is provided in Annex 1.
64. **The Social Protection Council and the NSDCC will oversee the implementation of the project and ensure that it aligns with the national policies on social protection and skills development.** The Social Protection Council and



the NSDCC will each meet at least on an annual basis to review the project progress reports and evaluate the implementation of project-supported activities in their respective sectors.

65. **The project is multi-sectoral and will be implemented by three different line ministries and/or directorates – MEAS, MECCC, or DGTH.** The responsibilities for implementation will be as follows:

- **MEAS, through DPSS, will be the implementing agency responsible for all activities under Subcomponent 1.1 and Component 2.** The Director for DPSS will continue to be the coordinator of the VFP while also serving as the Project Coordinator for the social protection activities. DPSS is currently understaffed and will need significant TA and capacity building to establish an effective social safety net system. The project will finance additional consultants that will be based at DPSS and will be under the overall responsibility of the Director of DPSS, interacting with MEAS staff for all policy and technical matters. TA may also include consultants at the decentralized level. These positions will be filled through a competitive recruitment process and will be entirely financed by the project under Subcomponent 1.1.
- **MECCC, through DETPEJA, will be the implementing agency with the overall responsibility for ensuring the successful implementation of Subcomponents 1.2 and 3.2.** As agreed with MF, MECCC has been delegated the responsibility for establishing and leading the NSDCC during its initial stages. This Committee will provide oversight for the activities under Subcomponent 1.2. The Director for DETPEJA will serve as the technical lead for these activities and have the overall responsibility for coordinating with TVET institutions and across the various ministries active in the skills sector. To help build the M&E system for the skills sector, a Senior M&E Specialist will be recruited to support the day-to-day work to develop the tracer studies. This Senior M&E Specialist will be based at DETPEJA and work under the direction of its Director.
- **DGTH will be responsible for leading Subcomponent 3.1 and the work to establish the EHT.** The Director of DGTH will work closely with representatives from MECCC, MEAS, and the private sector and the School Board to establish the school and ensure strong links with the labor market. The Director of DGTH will also be responsible for: (i) collaborating with the Director of DETPEJA and the private sector in order to provide contributions in the area of tourism for the National Skills Development Plan; and (ii) coordinating with the Director of DPSS and the CFP Budo-Budo to develop the module on tourism to be incorporated in the ACPE course.
- **All fiduciary responsibilities will be entrusted to AFAP.** The majority of World Bank-financed projects in STP are currently managed by AFAP, which has proven to have good fiduciary expertise and record. It is anticipated that AFAP will be contracted to oversee the fiduciary aspects of the project while almost all technical staff will be located in their respective ministries. AFAP will comply with all standard requirements to manage World Bank-financed projects, including those related to procurement and financial management (FM). To ensure strong coordination across ministries and with AFAP, a Senior Operations Officer will be recruited and based at AFAP. This Senior Operations Officer will work very closely with the Directors of DPSS, DETPEJA, and DGTH and the Coordinator for AFAP.

B. Results Monitoring and Evaluation Arrangements

66. **The results framework of the project specifies the PDO, PDO-level indicators, intermediate results indicators, baselines and targets, frequency, data source, methodology, and responsibilities for data collection.** Both the



social protection and skills development sectors currently have very weak M&E systems. Hence, there is a strong focus under the project to support the further development of existing systems and establish new ones so they can be used to effectively monitor performance of various government programs in these areas. The data required to measure the impact and progress of various project indicators will largely be drawn from two sources: (i) the MIS for social safety nets programs; and (ii) tracer studies to monitor the outcomes of TVET training programs.

67. **Efforts have been made to try to make data collection and reporting arrangements under the project as simple as possible.** However, given limited capacity and the multi-sectoral nature of the project, the project intends to recruit a full-time Senior M&E Specialist (based at DETPEJA) and an M&E Specialist (based at DPSS) to support this work. These two specialists will work closely with Ministry officials in various departments to ensure data collection is done per project requirements in addition to providing support to strengthen the availability of data to monitor government programs and the project indicators.
68. **M&E mechanisms for social safety net activities are intended to be very participatory consulting the government, civil society, and international partners.** However, the existing M&E system at DPSS is very weak and there is no systematic collection of data for monitoring purposes. The project will support the development of a robust M&E system for social protection activities, and the VFP in particular. Together with specialized TA, DPSS will be responsible for the following M&E activities:
- **MIS.** This system is designed to collect data at the district level which can then be used to monitor the program and prepare reports at the national level. The MIS is already under development and will be developed further with additional TA during the first year of project implementation. Methods to collect data will include using the SR to register potential beneficiaries and a PMT to rank households and determine eligibility. The MIS will be used to authorize payments and then integrate information supplied by payments agents to reconcile the payments. This system is to be managed by DPSS. The TA will also include a strong focus on training DPSS staff at the national and district levels on how to collect data and use the system.
 - **Spot Checks.** Independent consultants will be hired by DPSS to carry out randomized visits at the local level to verify the accuracy and validity of data in the MIS and the reports and payments authorizations in particular.
 - **Process evaluation.** The project will support an evaluation of the processes and operations of the VFP including an assessment of the targeting mechanisms' accuracy twice during the life of the project. These evaluations will be used to adjust and fine-tune the program, supervision schemes, and monitoring as necessary.
 - **Beneficiary surveys.** Beneficiary surveys will be administered, possibly using mobile phones, to obtain information on the quality of services, beneficiary satisfaction, and changes in beneficiaries' knowledge, behaviors or conditions.
 - **GRM.** A GRM will be developed to provide beneficiaries with a way to raise any concerns or complaints about the implementation of DPSS programs including the VFP (i.e., targeting, payments, etc.). The GRM will be clearly defined in the communications strategy, and any complaints and claims and the time it takes to process these will be recorded in the MIS.
69. **For the purpose of monitoring project indicators, DPSS will use the MIS to produce semi-annual reports that track project indicators.** These reports will include figures on the number of VFP beneficiaries, payments, complaints and response times, beneficiaries that have participated in the PEP, and the VFP beneficiaries enrolled in the ACPE and EHT training courses.



70. **Another key aspect for M&E under the project will be the use of tracer studies to monitor TVET program outcomes.** As described in detail in the project description (see Annex 2), each TVET center (CFP Budo-Budo, Centro Politecnico, CATAP, and EHT) and DETPEJA will be responsible for carrying out their own tracer surveys on an annual basis. These studies will track TVET graduates' labor market outcomes and include beneficiary and employer surveys to monitor the needs of the labor market and the quality of training provided. The Senior M&E Specialist recruited by the project will support the development of the questionnaires and provide significant on-the-job training for TVET center administrative staff. The tracer studies for the EHT and ACPE courses will be carefully monitored in order to track project indicators on the number of individuals trained and those successfully completing courses directly supported by the project.
71. **The NSDCC will provide an oversight function for the skills development activities.** They will monitor the results of the tracer studies, preparation of annual training plans, and the creation of the National Skills Development Plan for key sectors. The responsibility for leading the NSDCC has been delegated to MECCC and DETPEJA will be responsible for monitoring and reporting progress on the implementation of these activities under the project.
72. **Based on data collected by DPSS, DETPEJA, DGTH, and the TVET institutions, the Senior M&E Specialist at DETPEJA will be responsible for consolidating these data into joint progress reports for the entire project.** These reports will be produced semi-annually and include: (i) status reports on project implementation by component, including a summary description of all activities; (ii) progress achieved to date on all project indicators; and (iii) use of project funds, against approved annual work plans and budgets. The main findings of these reports will be discussed during the World Bank implementation support missions.
73. **Combined World Bank implementation support missions co-led by the Task Team Leaders for Social Protection and Education will take place at least every six months in order to monitor and report on progress made under the project through the implementation status reports.** An in-depth review will be undertaken at the project implementation mid-point. This mid-term review will provide an opportunity to assess overall progress in project implementation, update the results monitoring framework as necessary, review allocation across components, re-assess the risks and propose corrective measures to ensure achievement of PDOs.

C. Sustainability

74. **In STP, fiscal space is very limited and financial sustainability has been taken carefully into consideration in the program design.** Under the social protection envelope, the project will promote cost efficiency by developing systems which minimize inclusion errors, have reduced operational costs, and have robust M&E to track payments. The project will provide cash transfers to 2,570 households through STP (equivalent to 91 percent of all households in extreme poverty). The cost of the Social Protection interventions is US\$1 million annually (representing 0.28 percent of the country's GDP in 2016) which the Government would likely be able to maintain moving forward. If the Government were to expand the project to reach all poor households in STP, this would require an investment of US\$7.2 million per year, or 2.0 percent of the country's GDP, which is within international standards for expenditures on social assistance. The skills activities supported under the project have also been designed to increase the likelihood that they will be financially sustainable in the long-term through the collection of student fees which can be used to cover operational costs and those associated with the school's growth and expansion. Partnerships with the private sector to host the practical training modules and training national staff to deliver the courses will also significantly reduce costs over the long-run and provide a local, cost-effective solution. More details on the cost-efficiency of the project will be provided in the economic and financial analysis



of the project.

75. **Project preparation has focused on ensuring the project design is simple with a strong emphasis on capacity building.** Previous projects in the skills sector were not successful due to complex institutional structures and insufficient resources allocated for capacity-building. Hence, the project has been designed to first establish the basic building blocks required to improve overall governance, monitoring and coordination. In terms of social protection support under the project, even though a strict CCT through the VFP would be more likely to achieve higher human development goals, it was decided that in the first phase, the co-responsibilities related to school attendance for the VFP would not be enforced as this would add to the DPSS' workload. The project supports both institutional strengthening and capacity building to support effective management of the sectors specifically funding training to enhance Ministry staff capacity to implement, monitor, and evaluate the social protection and skills development systems. In both sectors, efforts have been made to collaborate with other partners, harmonize efforts and reduce duplication, and focus on bringing effective interventions to scale (e.g., entrepreneurial training programs, VFP, etc.).

IV. PROJECT APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis

76. **This project will support a twin-track approach to poverty reduction by protecting the poor and vulnerable populations of STP through a cash transfer program which also endorses regular community meetings with main beneficiaries to promote behavioral change, and by promoting productive opportunities through increased access to skills development initiatives.** The project design is informed by available empirical evidence on the effectiveness of cash transfer and skills development programs in reducing poverty and supporting opportunities for employment and overall economic growth.
77. **A large body of research highlights the effectiveness of cash transfer programs in increasing consumption and reducing poverty²⁰.** Research from African countries shows that safety net programs significantly increase total and food consumption among beneficiary households, thus improving food security²¹. In Africa and other settings, research has also found that cash transfer programs have had an important and positive impact on increased human development outcomes—such as school enrollment, school attendance, and preventive routine visits to health facilities, as well as ownership of productive assets such as livestock holdings.
78. **Support to skills development programs have been shown to maximize the returns to education.** Evidence shows that returns to schooling and education are higher in low and middle-income countries where education is scarce when compared to high income economies. In the context of Africa, particularly, recent evidence has shown that returns are higher at secondary and post-secondary levels than at the primary level, promoting and justifying investments in secondary and tertiary school in low-skills contexts such as the one in STP.

²⁰ Bastagli, F.; Hagen-Zanker, J.; Harman, L.; Barca, V.; Sturge, G. and Schmidt, T. (2016). *Cash transfers: what does the evidence say? A rigorous review of programme impact and of the role of design and implementation features*. London, UK: ODI; and Evans, D. and Popova, A. (2014). *Cash Transfers and Temptation Goods: A Review of Global Evidence*. Policy Research Working Paper 6886.

²¹ Tiwari, Smriti; Silvio Daidone; Maria Angelita Ruvalcaba; Ervin Prifti; Sudhanshu Handa; Benjamin Davis; Ousmane Niang; Luca Pellerano; Paul Quarles van Ufford & David Seidenfeld (2016). Impact of cash transfer programs on food security and nutrition in sub-Saharan Africa: A cross-country analysis. *Global Food Security, Vol. 11*, pp.72–83.



Rationale for a combined approach

79. **The rationale for a combined social protection and skills development project is based on evidence which shows that complementary interventions are key to help households overcome poverty in the long-run.** Building a sustainable trajectory out of poverty requires households to build the capacity to generate income, for which training programs are a valuable tool. There is evidence of the positive effects on savings, investment, and production of cash grants combined with business skills training programs. Provision of labor market-relevant skills combined with cash transfers and complementary interventions to vulnerable households can be effective in reducing poverty and providing greater economic opportunities.

BOX 1 – Gender Gaps in in STP and the Project’s Approach

Data on illiteracy and employment rates show that women are significantly disadvantaged in STP. In the labor market, low levels of schooling among women has resulted in higher rates of unemployment and lower wages. While just above half of women aged 15 to 64 participate in the labor force (53 percent), 76 percent of men are active. Additionally, among the women working, most have unqualified jobs (31 percent), or jobs in services, retail and petty trade (49 percent)—where most jobs are informal and do not require qualifications. These percentages compare to shares of 8 and 17 percent, respectively, among men.

This translates in difficulties for women to earn a stable income and obtain qualified jobs, a situation that has created a gender imbalance. One in every four women in STP has no say on how to spend their own income (26 percent), and less than half of the women (44 percent) participate in the decision-making process of the household regarding health care, large expenditures, daily needs, etc. The decision-making dominance of men, and their control over wealth and labor, are important drivers of violence against women. In STP, one in every three women has been a victim of physical domestic violence since the age of 15 (33 percent) – with the rates particularly acute among low income women, among which almost half (46 percent) have suffered of physical domestic violence.

Hence, the project will support actions to build greater economic and social resilience of both younger and older women. Older generations of women (over 45) will receive support from both the cash transfer program and the complementary trainings that will be provided, while younger women will mainly benefit from the skills training interventions and hence income-generating opportunities. Women will be designated as cash recipients. In addition, complementary activities including training sessions on family economy conflict-resolution, and parental education with views to promote beneficiaries’ empowerment but also to address and/or prevent intra-household conflicts and potential violence. The younger generation of women will benefit from the opportunity to attend vocational training programs, through which the project intends to improve their employability thus reducing future income dependence.

Finally, regarding potential risks of sexual harassment during vocational training courses, all trainers will receive sensitization sessions and students will be empowered to use the GRM to safely report disrespectful behaviors while the Project will be responsible for solving complaints.



Cash transfer program design and cost-benefit analysis

80. **Beneficiary households and transfer value amount.** Potential beneficiaries of the project are around 2,570 households that have a consumption below the food poverty line (equivalent to 91 percent of all extreme poor households). The selection of these households is designed to be done using geographical targeting, later verified through a proxy means test and with community validation. The transfer value for the project was set at US\$30 per household per month, representing 22 percent of pre-program median consumption among the extreme poor²². Additionally, beneficiary households will receive a yearly school enrollment benefit.
81. **Changes to the incidence of poverty are likely, with greater changes in the extreme poverty headcount.** The program will help some people transition from extreme poverty to moderate poverty, while a few others will be able to overcome poverty entirely. The impact of the program is estimated to be in the order of a 3.2 percentage point reduction in the extreme poverty headcount, and a small decrease of 0.3 percentage points in the number of people who are poor. Beneficiary households will be less poor after the program, reducing the average amount of money by which they are below the poverty line. Considering targeting errors, the extreme and overall poverty gap would be reduced from US\$39 and US\$149 to US\$30 and US\$143, respectively.
82. **The project will support the cash transfer program in all the country's districts, at a low-cost relative to the country's GDP, making it highly sustainable.** The current project cost represents 0.28 percent of the country's GDP in 2016. The program scale-up to reach all poor households in the country—not just the extreme poor—would require 2.0 percent of the country's GDP which is below international standards for expenditures in social assistance.
83. **To estimate the program's value for money, a cost-effectiveness analysis was done taking into consideration the program's costs and benefits.** With a total budget of US\$1 million allocated for transfers every year, the program is expected to help 615 households to increase their consumption above the food poverty line.
84. **Additionally, a cost-benefit analysis was also estimated, which required benefits to be valued in monetary terms, for which the total poverty gap was used.** Calculations show the cash transfer program produces higher benefits to the country than what it costs. The cost-benefit estimation shows that for every U.S. Dollar transferred to households per month, the total extreme poverty gap would decrease by US\$0.52, and the total overall poverty gap would fall by US\$1.5. Every US\$1 spent per month translates in a reduction of US\$1.5 in the total poverty gap, meaning that the program creates benefits of higher monetary value than its costs.

Cost-benefit analysis of the Hospitality and Tourism School (EHT)

85. **Although tourism is one of the main growth sectors in STP, its further expansion is constrained by the lack of trained human resources and quality training programs available in STP.** In the existing system, the Government and donors have been financing a number of training courses in tourism although with limited results. Due to low quality and a lack of relevance to the needs of the labor market, these investments have been unable to meet the demands of the tourism sector. To address this gap, the private sector has been organizing their own training programs, although at considerable cost due to the need to rely almost exclusively on external trainers. A recent year-long training for 38 potential staff to work in the new hotels on the island of Principe cost nearly Euro 1

²² Evaluations from cash transfer programs in Sub-Saharan Africa suggest that the transfer size should be around 20 percent of pre-program consumption to ensure program impact.



million. To increase efficiency and reduce overall costs in the long-term, the project aims to establish a Hospitality and Tourism School in STP that brings together both the public and private sectors and consolidates all current training courses on tourism into one school. This will eliminate wasted public resources on current poorly performing programs, create synergies with the private sector, and reduce duplication of efforts. In the long-term, it is expected that the overall costs to deliver quality training programs will be reduced by having local trainers that are certified to deliver the training courses offered by the school.

86. **Given the size of STP's population, the costs required to build a new, fully equipped school would be prohibitive with the costs outweighing the benefits.** Hence, the school has been designed to draw heavily on infrastructure that already exists and partnerships with the private sector to facilitate the practical training by using existing hotel facilities, fully equipped restaurants, and other in-kind support. Instead, more resources under the project are targeted towards providing sufficient capacity-building opportunities for local trainers and school administrative staff so they will be able to effectively run the training programs and be less reliant on external, and often expensive, service providers. If necessary, limited equipment will be purchased for the hospitality and tourism school (EHT).
87. **In STP, there is little data and information available on the needs of the labor market, unit costs of various skills development programs, and employment.** Through the M&E system supported by the project, it is expected that further information on the rates of return in terms of training costs, employment, and wage differentials will become available moving forward.

B. Fiduciary

(i) Financial Management

88. **An FM Assessment was carried out in accordance with the Directives and Policy for Investment Project Financing (IPF) and the FM Manual for World Bank IPF Operations issued on February 10, 2010 and last revised on February 10, 2017.** The objective of this assessment was to determine whether the proposed fiduciary agency, AFAP, has acceptable FM arrangements for the implementation of the proposed Social Protection and Skills Development Project.
89. **It is expected that AFAP, an agency established by MF, will have the overall fiduciary responsibility for implementation of this proposed project.** AFAP was established in 2003 to handle the implementation of the Social Sector Support Project (P075979) and has a long track record since then implementing a number of World Bank-financed projects. The assessment of the agency's FM arrangements concluded that it continues to maintain acceptable FM arrangements for implementing World Bank projects. AFAP's Financial Manager, reporting to the agency coordinator, is expected to have overall responsibility for project FM-related matters. The project funds, expenditures, and resources will be accounted for using the existing automated accounting software and the basis of accounting will be on a cash basis. Disbursement of IDA funds will be done on transactions basis (statement of expenditures [SOEs]). The proposed project will make use of advances and direct payment methods for disbursements. However, special commitments and reimbursement will also be available for the project. AFAP will prepare quarterly unaudited interim financial reports (IFRs) and provide such reports to the World Bank within 45 days of the end of each calendar quarter. The project financial statements will be audited by an independent auditor in accordance with International Standards on Auditing (ISA) as issued by the International Auditing and Assurance Standards Board (IAASB). The overall conclusion of the FM Assessment is that the project's FM



arrangements have an overall residual FM risk rating of **Substantial**, which satisfy the World Bank's minimum FM requirements under World Bank Policy and Directive for IPF.

(ii) Procurement

90. **Procurement procedures.** Procurement under the project will be carried out in accordance with the World Bank's "Procurement Regulations for IPF Borrowers" (Procurement Regulations) dated July 2016 and revised in November 2017 under the New Procurement Framework (NPF), and the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated July 1, 2016, and other provisions stipulated in the Financing Agreement.
91. **Procurement arrangements.** The project will be implemented by MEAS, MECCC or DGTH depending on the component and subcomponent. MEAS, MECC and DGTH will have the overall technical responsibility for their respective areas and components/subcomponents, while AFAP will be subcontracted and will have the fiduciary responsibility of the project, including the procurement function.
92. **Project Procurement Strategy for Development (PPSD) Summary.** The Borrower has prepared the PPSD, with the support and guidance from the World Bank. TA to establish the EHT - Development, training of trainers, delivering courses, and developing a business plan (estimated at US\$2,400,000), will be procured with the quality-cost based selection (QCBS) method in an open international market. The establishment of a payment system that would be conducted by one or more banks (non-consulting services estimated in US\$300,000) will be done by a local bank under open national approach. Direct contract methods will be used (i) to develop the entrepreneurial skills curriculum and training through UNIDO (estimated amount of US\$610,000); (ii) to sign a memorandum of understanding (MoU) with the training center (CFP Budo-Budo) for the implementation of ACPE course (estimated at US\$160,000); (iii) for the development of content and training of trainers for training sessions with cash transfer main beneficiaries due to proprietary rights (estimated at US\$200,000); (iv) for TA to develop the National Tourism Skills Development Plan (estimated at US\$25,000) by the same expert who developed tourism strategy. The implementation of training sessions with cash transfer main beneficiaries (estimated at US\$50,000) will be done by an NGO selected through the Consultants Qualification Selection (CQS) method. Acquisition of office equipment (US\$45,000), IT equipment (US\$20,000), vehicles and motorcycles (US\$135,000) for DPSS, equipment/furniture for EHT (US\$20,000), a vehicle for Entrepreneurship Education office (US\$35,000) and tablets for TVET Centers to conduct tracer studies (US\$10,000) will be done at the national level through the request for quotation method, in separate procurement processes.
93. **Procurement capacity.** Procurement activities will be carried out by AFAP, which has been handling fiduciary matters of World Bank-funded project since its establishment in 2003. Currently, it is supporting the implementation of the Quality Education for All Project, Power Sector Recovery Project, and the Transport Development and Coastal Protection Project. AFAP has adequate capacity to handle procurement activities under this project. Considering that AFAP will be implementing additional projects in the near future, it will be necessary to recruit additional staff in order to reinforce its capacity and provide adequate support for all projects. Specific procedures for the project will be detailed in the Project Operations Manual, which will be prepared and adopted by project effectiveness.
94. The **procurement risk** associated with the project in view of the risks identified, including the complexity of the large number of TA contracts and the multiplicity of projects handled by AFAP is **Substantial**.



C. Safeguards

(i) Environmental Safeguards

95. **No environmental impacts are expected under the project as this will not include any construction or rehabilitation of infrastructure.**

(ii) Social Safeguards

96. **The project is expected to have a positive social impact through the activities implemented.** The cash transfers are likely to increase income and consumption of extreme poor households supported by the project. Complementary measures to the cash transfers are expected to improve human development indicators among the beneficiary population including better nutrition and reduction in gender-based violence. Skills development initiatives will likely enhance the employability of graduates including those referred by the cash transfer program.

(iii) Grievance Redress Service

97. **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. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

V. KEY RISKS

98. **The overall risk rating for the operation is Substantial.** The following risks discussed below have been identified as the most likely to threaten the project implementation:
99. **The risk for Macroeconomic is rated as Substantial due to the high level of debt in the country and the low budget allocated to the social sectors.** To mitigate this risk, the project and the World Bank-supported Development Policy Operation share common goals and support the enhancement of Government's capacity for public expenditure management, especially for the social sector.
100. **The risk ratings for Sector Strategies and Policies and Fiduciary are considered as Substantial.** The Skills sector does not have an adequate policy framework and the project will support its development. However, the results of this work could affect some of the activities currently proposed under the project. On the fiduciary side, cash transfers represent a substantial risk until adequate delivery mechanisms are developed by the project, including a payment system, a MIS or a GRM. A country-based procurement specialist will make sure that adequate procurement support is provided. An FM specialist will carry out support missions as necessary, and the project will sub-contract AFAP for project-related fiduciary issues. AFAP is an experienced agency that has several years



of experience providing fiduciary support to World Bank projects.

101. **The risk for Technical Design of the project is considered as Substantial due to the multi-sectoral nature of the project, the need for cross-sectoral coordination and the combination of policy support and operational activities.** Mitigation measures for this risk would include the implementation of a phased approach for the project to make sure that all delivery systems are in place before scaling up activities; the non-enforcement in the beginning of some of the design features of the project (i.e., CCT conditionalities) until proper capacity is created and a specific budget allocation for capacity building and institutional strengthening.

102. **The risk rating for Institutional Capacity for Implementation and Sustainability is considered Substantial because** (i) this is the first World Bank-financed Social Protection Operation in STP and Government is not used to World Bank procedures yet; (ii) the technical capacity at MEAS and MECCC is quite weak as shown in the last social protection assessment and skills diagnostic carried out by the World Bank; and (iii) the combination of social protection and skill development initiatives which are politically framed under different line ministries will require strong coordination by Government. Mitigation measures for this risk would include the implementation of an adequate support plan (see Annex 1); specific capacity building for MEAS and MECCC on project management and operational issues; and support to the Social Protection Council to make sure that they play their role on institutional coordination.



VI. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Sao Tome and Principe
Social Protection and Skills Development Project

Project Development Objectives(s)

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

Project Development Objective Indicators

Indicator Name	DLI	Baseline 2019	End Target 2024
Outcome 1: An effective national safety net system for poor households			
Beneficiaries of social safety net programs (CRI, Number)		850.00	2,570.00
Beneficiaries of social safety net programs - Female (CRI, Number)		850.00	1,800.00
Beneficiaries of Safety Nets programs - Other cash transfers programs (number) (CRI, Number)		850.00	2,570.00
Beneficiaries of Safety Nets programs - Other social assistance programs (number) (CRI, Number)		40.00	2,570.00
Beneficiary households in Q1 and Q2 of the income distribution (Percentage)		0.00	60.00
Outcome 2: Labor market relevant and inclusive training programs			
Participants completing labor market relevant courses in tourism		0.00	525.00



Indicator Name	DLI	Baseline 2019	End Target 2024
supported by the Project (Number)			
Safety net beneficiaries completing courses in tourism supported by the Project (Number)		0.00	135.00
Percentage of which are female (Percentage)		0.00	50.00
Safety net program beneficiaries completing the entrepreneurial training course (ACPE) (Number)		0.00	120.00
Percentage of which are female (Percentage)		0.00	70.00
Graduates from the EHT that are employed within 6 months of graduating (Percentage)		0.00	30.00

Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline 2019	End Target 2024
Component 1. Institutional and Capacity Strengthening			
MEAS and DPSS staff trained to effectively monitor and implement social safety net programs (Number)		0.00	30.00
Ministerial and TVET center staff trained to effectively monitor and govern skills development programs (Number)		0.00	30.00
Beneficiaries registered in the Social Registry (Percentage)		33.00	100.00
Cash transfer payments completed by a payment agent (Percentage)		0.00	70.00
Complaints registered by the GRM resolved in a timely manner (Percentage)		0.00	70.00
National Skills Development Coordination Committee established		No	Yes



Indicator Name	DLI	Baseline 2019	End Target 2024
and meets annually (Yes/No)			
National Skills Development Plan in key growth sectors developed (Yes/No)		No	Yes
TVET Institutions conducting tracer studies annually (Percentage)		0.00	80.00
Component 2. Vulnerable Families Program Conditional Cash Transfer			
Households receiving cash transfers on time (Percentage)		0.00	80.00
Beneficiaries participating in complimentary activities (Percentage)		0.00	80.00
Safety net beneficiaries that complete the ACPE course and set up a small business (Percentage)		0.00	30.00
Component 3. Employability of TVET graduates and youth			
National trainers recruited and certified to teach courses at the EHT (Percentage)		40.00	70.00
School Board including regulatory framework and business plan for EHT established (Yes/No)		No	Yes
Entrepreneurial skills training incorporated into general secondary education curriculum for grades 10 and 11 (Yes/No)		No	Yes
Secondary education students trained (Number)		0.00	7,500.00
Secondary education teachers trained (Number)		0.00	120.00



Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Beneficiaries of social safety net programs		Bimonthly	Social Registry and MIS	Beneficiary enrollment and payrolls and reconciliation sheets from payment agents	DPSS
Beneficiaries of social safety net programs - Female		Bimonthly	Social Registry and MIS	Beneficiary enrollment	DPSS
Beneficiaries of Safety Nets programs - Other cash transfers programs (number)		Bimonthly	Social Registry and MIS	Beneficiary enrollment and payroll sheets from payment agent	DPSS
Beneficiaries of Safety Nets programs - Other social assistance programs (number)		Bimonthly	Social Registry and MIS		
Beneficiary households in Q1 and Q2 of the income distribution		One time. All beneficiaries of the Vulnerable Families Program will be registered in the Social Registry. At this point, using a Proxy Means Test,	Social Registry	Data will be collected for each beneficiary household using a questionnaire with indicators that will compose a Proxy Means Test	DPSS will be in charge of the data collection, probably subcontracting a third party



		their level of consumption will be estimated.			
Participants completing labor market relevant courses in tourism supported by the Project		Annually	Annual reports provided by EHT	The EHT will be required to keep a complete list of all individuals enrolled in courses offered at the school and include a comparable list of those students enrolled that received a certificate after course completion	EHT; DGTH
Safety net beneficiaries completing courses in tourism supported by the Project		Annually	Annual Reports provided by EHT	Lists of students enrolled and those successfully completing courses at the EHT to specify which individuals are those directly supported by the VFP.	EHT; DGTH
Percentage of which are female		Annually	Annual Reports from EHT	Lists of trainees enrolled and those successfully completing courses at the EHT to specify	EHT; DGTH



				trainee's gender	
Safety net program beneficiaries completing the entrepreneurial training course (ACPE)		Annually	Annual reports and course completion records provided by CFP Budo-Budo	CFP Budo-Budo will be required to keep a complete list of all individuals enrolled in the ACPE course (identifying those supported by the VFP) and provide a comparable list of all participants that prepared an approved business plan and received the full business stipend	CFP Budo-Budo; DPSS
Percentage of which are female		Annually	Annual reports from CFP Budo-Budo	Lists of VFP beneficiaries enrolled and successfully completing the ACPE course to specify participant's gender	CFP Budo-Budo; DPSS
Graduates from the EHT that are employed within 6 months of graduating		Annually	Tracer studies; Progress Reports	The EHT will be required to complete tracer studies on an annual basis. The questionnaires to be used will include questions on both graduates' employment	EHT; Senior M&E Specialist



				and income. The tracer study for each cohort of students should be applied 6 months or up to one year after graduating.	
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Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
MEAS and DPSS staff trained to effectively monitor and implement social safety net programs		Semi-annually	Progress reports	Attendance sheets from training events and progress reports	MEAS
Ministerial and TVET center staff trained to effectively monitor and govern skills development programs		Semi-annually	Progress reports	Attendance sheets from training events and Progress reports	DETPEJA
Beneficiaries registered in the Social Registry		Annually	Social Registry	Beneficiary registration	DPSS
Cash transfer payments completed by a payment agent		Annually	MIS	Payrolls and payment sheets provided by payment agents	DPSS
Complaints registered by the GRM resolved in a timely manner		Annually	MIS	GRM module of the MIS will track the date the complaints are	DPSS



				entered in the system and the date the complaints are resolved and notified to beneficiaries	
National Skills Development Coordination Committee established and meets annually		Annually	Progress reports	NSDCC Terms of Reference; Meeting Minutes	DETPEJA
National Skills Development Plan in key growth sectors developed		Annually	Progress reports	National Skills Development Plan for key growth sectors adopted by NSDCC	DETPEJA
TVET Institutions conducting tracer studies annually		Annually	Tracer study reports from each TVET institution	Surveys to be administered via tablets/electronic questionnaires and conducted over the phone	DETPEJA will be responsible to ensure that each TVET Institution (CFP Budo-Budo; Centro Politecnico; CATAP; EHT) conducts tracer studies for their respective institution. DETPEJA will be responsible for also collecting data for CSPQ courses not otherwise included.
Households receiving cash transfers on time		Annual	MIS and payment	The MIS will record the dates of payments and	DPSS



			sheets provided by payment agents	the frequency of payments after reconciling the payment sheets from payment agents	
Beneficiaries participating in complimentary activities		Annual	MIS	The NGO supporting the implementation of the Parental Education Program will develop attendance sheets to the Program and the information will be entered in the Project MIS every two months	NGO supporting the implementation of the Parental Education Program
Safety net beneficiaries that complete the ACPE course and set up a small business		Annually	Tracer study from CFP Budo-Budo; Progress reports	Tracer studies which include questions on employment and the implementation of their business plans will be administered annually to all ACPE course graduates, including the VFP beneficiaries. CFP Budo-Budo will be required to administer this survey after 6 months and up until a year after course completion. Coaches	CFP Budo-Budo; DPSS



				and mentors at the district level will also visit the businesses of the VFP participants to collect additional data on their status.	
National trainers recruited and certified to teach courses at the EHT		Annually	Annual reports provided by EHT; Progress reports	EHT to provide list of all trainers teaching courses at the school and the number of those which are national trainers with training certificates.	EHT; DGTH
School Board including regulatory framework and business plan for EHT established		Once	Progress reports	Formally adopted regulatory framework for the EHT and business plan finalized the School Board	DGTH
Entrepreneurial skills training incorporated into general secondary education curriculum for grades 10 and 11		Once	Progress reports	Teacher manuals and student textbooks for grades 10 and 11	DETPEJA
Secondary education students trained		Annually	Progress reports	UNIDO, together with DETPEJA, will provide a list of all students trained in grades 10 and 11 at the end of each school year	DETPEJA



Secondary education teachers trained		Annually	Progress reports	Attendance records and a list of all teachers trained following the teacher training workshops each year provided by UNIDO	DETPEJA



ANNEX 1: Implementation Arrangements

Institutional arrangements

1. **The project is multi-sectoral and will be implemented by three different line ministries and/or directorates – MEAS, MECCC, and DGTH.** MEAS will have the overall technical responsibility for Subcomponent 1.1 and Component 2; MECCC will have the technical responsibility for Subcomponents 1.2 and 3.2; and DGTH will lead activities under Subcomponent 3.1. AFAP will be subcontracted and have the fiduciary responsibility for the entire project. The following provides a summary of the roles and responsibilities of various oversight groups, each Ministry, and other key stakeholders.

Council of Ministers

2. **The top-level decision-making body in STP is the Council of Ministers, which is responsible for overall guidance at the policy level.** The Council of Ministers approved the Social Protection Policy and Strategy in 2012 as well as the core programs to put the strategy into operation. It also created the multi-sector social protection council responsible for the overall implementation and monitoring of the VFP. The council is also responsible for other decisions affecting the Social Protection Strategy and project implementation, such as the benefit amounts. For the skills development activities, the Council of Ministers will also play a key role in the establishment of the NSDCC and the regulatory framework adopted for the EHT.

Social Protection Council

3. **The social protection legal framework in STP established a National Social Protection Council with representation from all partners involved in the sector.** The project, through Components 1 and 2, aims at strengthening this Council and its different members. The Social Protection Council will have a monitoring role to ensure that the project is aligned to the national programs and policies including the VFP and the PENPS. The Social Protection Council will meet at least on an annual basis to evaluate the implementation of the program based on progress reports provided by MEAS.

National Skills Development Coordination Committee (NSDCC)

4. **Currently, there is no operational coordinating group that oversees all skills development programs in STP.** There was a law passed in 2009 that supported the development of a skills fund and Executive Committee within MF but the fund and Executive Committee were never operationalized. In order to improve coordination in the sector, the project will support the establishment of an NSDCC. This committee will be comprised of representatives from all Ministries responsible for overseeing skills development programs and representing key sectors, TVET institutions implementing skills training programs, and individuals from the private sector in key industries/growth sectors. This committee will meet on an annual basis to review the tracer studies, annual TVET center training plans, and the National Skills Development Plan and monitor overall performance of the sector.

Ministry of Employment and Social Affairs (MEAS)

5. **MEAS will be the implementing agency responsible for all activities under Subcomponent 1.1 and Component**



2. Within MEAS, the directorate responsible for implementation will be DPSS. The Director for DPSS will continue to be the coordinator of the VFP while also serving as the Project Coordinator for the social protection activities. DPSS is currently understaffed and will need significant TA and capacity building to establish an effective social safety net system. The project will finance additional consultants that will be based at DPSS and will be under the overall responsibility of the Director of DPSS, interacting with MEAS staff for all policy and technical matters. TA may also include consultants at the decentralized level. These positions will be filled through a competitive recruitment process and will be entirely financed by the project under Subcomponent 1.1.

6. **DPSS with the support of the consultants will be responsible for all technical matters and decisions under Subcomponent 1.1 and Component 2 of the project.** This includes yearly planning; liaising with the Social Protection Council, donors and development partners and establishing partnerships; drafting and updating the SP section of the Project operational manual; delivery of project outputs; drafting ToR; M&E activities; etc. The Director of DPSS will work closely with the Senior Operations Officer to liaison effectively with AFAP on all fiduciary matters. &E reporting on Subcomponents 1.1, 2.1, and 2.2 will be compiled by the M&E Specialist at DPSS and then submitted to the Senior M&E Specialist based at DETPEJA who will prepare semi-annual reports that summarize progress across the entire project.
7. **DPSS will also collaborate closely with other institutions as follows:**
 - District Offices, NGOs and UNICEF for the design and implementation of the PEP and management of the GRM;
 - Local leaders on the information campaigns, training and targeting;
 - MECCC, particularly for matters related to compliance;
 - CFP Budo-Budo and its Council of Partners regarding the participation of the VFP beneficiaries in the ACPE course;
 - DGTH on the development of the module on tourism to be incorporated into the ACPE course;
 - School Board for the EHT and the VFP beneficiaries' participation in courses offered at the school.

Ministry of Education, Culture, Science and Communication ([MECCC](#))

8. **MECCC, through DETPEJA, will be the implementing agency with the overall responsibility for ensuring the successful implementation of Subcomponents 1.2 and 3.2.** As agreed with MF, MECCC has been delegated the responsibility for establishing and leading the NSDCC during its initial stages. This committee will provide oversight for the activities under Subcomponent 1.2. The Director for DETPEJA will serve as the technical lead for these activities and have the overall responsibility for coordinating with TVET institutions and across the various Ministries active in the skills sector. To help build the M&E system for the skills sector, a Senior M&E Specialist will be recruited to support the day-to-day work to develop the tracer studies. This Senior M&E Specialist will be based at DETPEJA and work under the direction its Director.
9. **DETPEJA will be fully responsible for all technical matters and decisions related to the entrepreneurial skills training program in secondary education under Subcomponent 3.2.** MECCC, responsible for the quality and provision of secondary education throughout the country, has worked closely with UNIDO for the initial roll out of this training program. A contract will be signed between MECCC and UNIDO for a three-year period during which UNIDO will provide the training to students, track progress and undertake an impact evaluation at the end of the project – all under the direction of MECCC's Department of Entrepreneurism under DETPEJA.



10. **DETPEJA will need to closely collaborate with a number of other institutions including:**

- NSDCC on all activities related to improving overall governance of the sector;
- DGTH, MADR, and private sector representatives from key industries i.e., tourism, agriculture, etc. to develop the National Skills Development Plan
- TVET centers including CFP Budo-Budo, Centro Politecnico, CATAP, and EHT for the tracer studies, annual plans, and capacity building activities;
- DGTH and the School Board for the EHT for all matters related to the dual certification courses in particular; and
- Secondary education school leaders, teachers, and UNIDO for the entrepreneurial skills program.

Directorate of Tourism and Hospitality (DGTH)

11. **DGTH will be responsible for leading Subcomponent 3.1 and the work to establish the EHT.** This school will be governed by an Governing Board, led by DGTH, with three representatives from relevant Ministries (i.e., MECC, MEAS, DGTH) and four representatives from the private sector. The Director of DGTH will lead the School Governing Board in the initial stages and work closely with the private sector and the School Board to ensure strong links with the labor market. The establishment of the School's Governing Board is a condition of disbursement for Subcomponent 3.1 activities since all decisions taken to establish and govern the school will need to be done by this governing body. The Board will approve course content and curriculum, space, the recruitment of service providers to help establish the school and train local staff and trainers.

12. **To develop the National Skills Development Plans, the sectors most familiar with the needs of the labor market in certain areas will coordinate these efforts.** The Director of DGTH will also be responsible for collaborating with the Director of DETPEJA and the private sector in order to provide contributions in the area of tourism for the National Skills Development Plan. DGTH would be responsible for recruiting a sector specialist and TA to support the development of the tourism-related part of this plan, working closely with the Director of DETPEJA, other members of the NSDCC and private sector partners to jointly develop the plan/strategy. Other parts of the National Skills Development Plan would be led by their respective Ministries, such as MADR for agriculture.

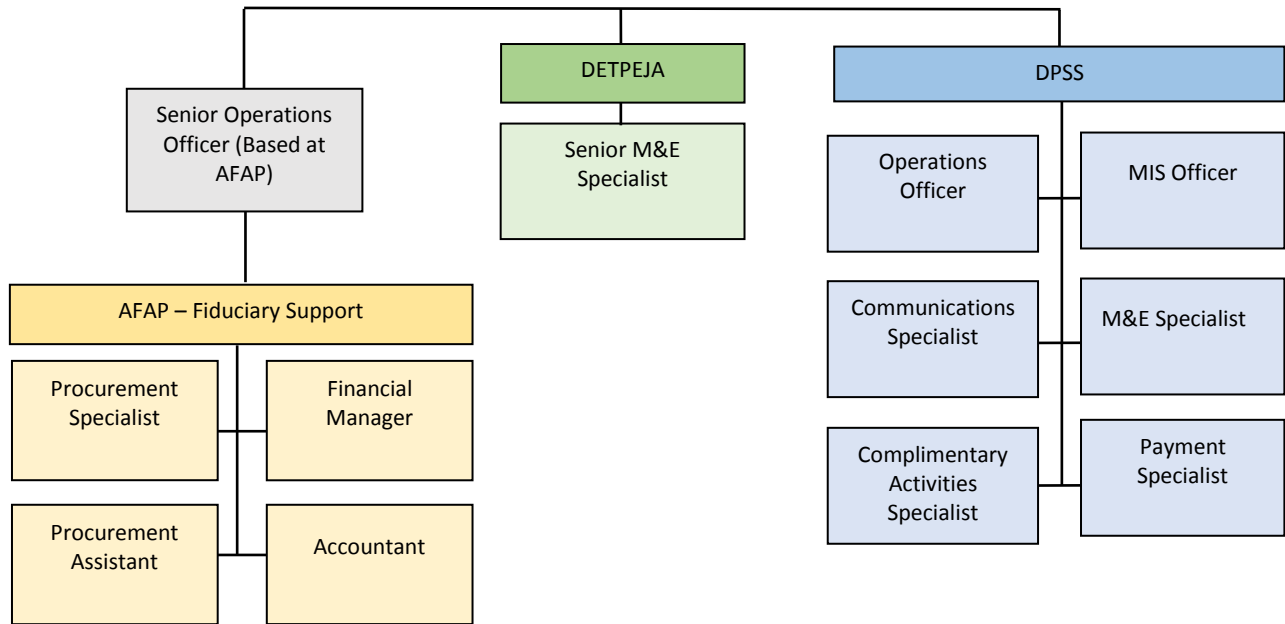
13. **The Director of DGTH will also be responsible for coordinating with the Director of DPSS and the CFP Budo-Budo to develop the module on tourism to be incorporated in the ACPE course.** DGTH will be responsible to recruit the TA to help develop the module and ensure its alignment with the National Strategy for Tourism. However, DPSS and CFP Budo-Budo will be responsible to secure any required approvals from its Council of Partners to incorporate the module in the ACPE course.

Fiduciary Agency for Project Administration (AFAP)

14. **All fiduciary responsibilities will be entrusted to AFAP.** The majority of World Bank-financed projects in STP are currently managed by AFAP, which has proven to have good fiduciary expertise and record. It is anticipated that AFAP will be contracted to oversee the fiduciary aspects of the project while almost all technical staff will be located in their respective ministries. AFAP will comply with all standard requirements to manage World Bank-financed projects, including those related to procurement and FM. To ensure strong coordination across Ministries and with AFAP, a Senior Operations Officer will be recruited and based at AFAP. This Senior Operations Officer will work very closely with the Directors for DPSS, DETPEJA, and DGTH and AFAP staff.



Figure 1.1 Implementation Arrangements for Project Support Staff



Other Key Groups

15. **District Offices.** District Offices, also members of the Social Protection Council, will be involved in the design and implementation of the PEP and will coordinate with DPSS to find synergies with the current social programs implemented at the local level by the Chambers. They will also help coordinate the implementation of the ACPE course each year.
16. **Civil Society (NGOs).** The platform of NGOs will act as a supervision agency for the project making sure that the project is aligned the existing policies and programs for the sector. In addition, an NGO, selected through a competitive process, will be the main responsible for designing and delivering the complementary activities under the PEP. It is also expected that the civil society will play a core role (still to be defined) in the management of the Project’s GRM.
17. **Private sector.** The private sector will have an important role in the project. For the VFP, the private sector will be used to contract a payment agent to deliver the cash transfers and develop the MIS. For the skills development activities, the private sector will be key members of the NSDCC and the EHT School Board to ensure strong links to the labor market and that the training courses developed lead to greater rates of employment for TVET graduates.
18. **Donors and development partners.** For the PEP, UNICEF and other development partners working in social protection will play a key role in determining the content and costs of the program. For the entrepreneurial skills training programs, close coordination with other partners working in this area including the ILO, the CP, and UNIDO will be essential.



ANNEX 2: Implementation Support Plan

Implementation Support Plan (ISP)

1. **The ISP seeks to provide the ongoing assistance to the Government that will be required to successfully implement the project.** Despite being designed to be relatively simple in its approach, the proposed project is expected to be entirely implemented and monitored by government institutions and systems. Given that this is one of the first World Bank projects both for MEAS and in the skills development sector, additional TA and implementation support will be required initially. Close monitoring will be required to make sure that procedures set up in the financing agreement and operational manual are respected. Additionally, the proposed project builds on other government and donor funded interventions. In order to mitigate against various risks and facilitate smooth implementation of the project, there is need for close supervision coordination with other development partners. From this perspective, the ISP includes the following:
 - Ongoing TA provided by World Bank consultants to help conceptualize and operationalize the new delivery systems including the targeting system, payment system, and MIS. Strong IT support will also be needed to properly develop the systems (software) and roll these out (hardware and training).
 - Specific TA from World Bank consultants to (i) help develop the M&E systems in both sectors and assist in carrying out spot checks and process evaluations; and (ii) guide the development of the PEP together with a local NGO(s).
 - One to two additional implementation support missions to be carried out during the first 18 months of implementation to establish the necessary governance frameworks (i.e., including the private sector partners for the EHT and NSDCC), ensure strong intersectoral coordination and project management, and create a strong foundation for the rest of the project.
 - After the first 18 months, two implementation support and supervision missions, including HQ and CMU staff from technical areas, fiduciary staff and safeguards specialists to be conducted annually. These missions will be carried out with development partners to jointly review the project and ensure adequate coordination of the project with other donor initiatives in the two sectors. Assessments and other mission related documents to be complemented by at least annual reviews of M&E systems, FM, procurement, and safeguards.
 - In addition to the implementation support missions, a mid-term review will be conducted no later than the third year of implementation.



Table 2.1 Main Areas of Additional Support and Timing

Time	Focus	Skills Needed	Resource Estimate
First 12 months	TA for systems development, including the MIS, targeting, and payment systems	Knowledge in information systems and registry of beneficiaries	US\$100,000
	TA to organize study visit to Brazil, establish NSDCC, and create EHT school board	Knowledge of best practices in skills coordination and PPPs	
	Capacity building in procurement and FM	Procurement and FM	
	Collection of baseline data for the impact evaluation	M&E	
12-48 months	TA to assist with VFP systems operations (including M&E and spot checks; payments i.e., accuracy, transparency, etc.; and expansion of the program)	Knowledge of conditional cash transfer systems, targeting	US\$80,000 per year
	TA to support the development of the PEP	Knowledge of behavioral change and PEPs	
	Follow up survey for the impact Evaluation	M&E	
Other	TA to pilot enforcement of conditionalities under the VFP	Knowledge of conditional cash transfer systems	US\$70,000
	M&E support	M&E	

Table 2.2 Skills Mix Required

Skills Needed	Number of staff weeks per year	Number of trips	Comments
TTL – Social Protection	10	2	HQ based
TTL – Education	10	2	HQ based
Institutional Capacity Building Specialist (including intersectoral coordination)	12	2	HQ or Luanda based
CCT Specialist	8	-	Consultant; country based
Targeting Specialist	4	2	HQ based
MIS specialist	12	-	Consultant; country based
ICT support	3	1	HQ based
Procurement	3	-	Country based
FM	3	2	CMU based
Safeguards	1	1	CMU based



ANNEX 3: Detailed Project Description

1. **The PDO is to support the development of an effective national safety net system for poor households and inclusive and labor market relevant skills development programs.**
2. **The project will support a twin-track approach to poverty reduction by protecting the poor and vulnerable populations while also supporting overall economic growth.** More specifically, the project will support the establishment of strong systems to deliver social safety net programs and improve overall the governance of skills development programs. Targeted activities will transform the existing cash transfer Needy Mothers Program into a regular and reliable safety net program, the VFP, with co-responsibilities linked to primary school attendance and with direct linkages to skill development programs. The project will also support the overall governance of the skills sector, improving coordination and links with the labor market, while improving the supply of high-quality training programs in the area of tourism. Some of the safety net program beneficiaries will also benefit from participation in professional training and/or entrepreneurship programs with links to future employment opportunities.

Component 1 – Institutional and Capacity Strengthening (US\$2.3 million equivalent)

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

Subcomponent 1.1 – Building permanent systems to implement social protection programs (US\$1.5 million equivalent)

4. **This component will directly contribute to Objective 4 of STP’s PENPS to increase the effectiveness of the social protection system through the development of adequate delivery systems to enhance the effectiveness and efficiency of the social protection sector and allow MEAS to better manage their programs.** This subcomponent builds on recent TA provided by the World Bank through RSR Trust Funds. Specific systems to be further developed under the project include the following:
 - **Targeting system.** The targeting system for safety net programs has been designed and endorsed by the Government of STP, including poverty maps and a PMT formula, and is currently being used to register beneficiary families of the current small safety net Needy Mothers Program implemented by MEAS. The project will further support the scale up and improvement of that system. Additionally, the poverty maps and the PMT formula will be updated when new household survey data is available.
 - **Payment system.** A payment system will be established, building on the recommendations of the study financed by the on-going TA and on the results of a bidding process to be carried out by DPSS. STP has one of the smallest and more concentrated financial systems in the world. Although the Government is actively working to set up a new legal framework to enable the modernization of STP’s financial system, as of now,



there are only few service providers. Criteria to select the payment agency, will be: (i) the cost of the transfers; (ii) use of electronic systems to minimize fraud and error; (iii) beneficiary households should not be required to travel long distances to cash their benefits; (iv) the ability to transfer payments every two months; and (v) the ability to allow reconciliation of payments after each transfer.

- **MIS.** A MIS specifically for safety net programs will be designed and implemented. In addition to the SR and identification modules already developed, the following additional modules would be developed: (i) a payments module; (ii) a M&E module to produce reports; (iii) a referral to skills training programs module, including a simple job profiling tool to help beneficiaries' skills and social barriers to help identify the skills training courses most suited for different participants; and (iv) a GRM module. The MIS will be hosted at DPSS and a MIS specialist with an IT profile will be hired for its development and maintenance. The project will use the information from the MIS to produce progress reports and support M&E activities.
- **M&E system.** Current safety net programs do not systematically collect progress indicators and no impact evaluations of the core safety net programs have ever been carried out. The project would help MEAS and DPSS improve its M&E system by: (i) defining a Results Framework for the VFP nets program detailing development objectives, results indicators, and instruments to measure these indicators; (ii) conceptualizing the instruments to be used to monitor existing programs, including the M&E module for the MIS and progress evaluations; and (iii) assessing beneficiary satisfaction. The M&E system intends to make use of IT tools (i.e., mobile phones) for rapid and cost-efficient data collection.
- **Monitoring of co-responsibility compliance.** The VFP is designed as a Conditional Cash Transfer Program aimed at improving human development indicators through a combination of cash transfers and co-responsibilities from beneficiaries on school attendance. While during the lifetime of the project co-responsibilities will not be strictly enforced, a system for monitoring compliance of primary school attendance for children of beneficiary households will be developed. It is expected that by the end of the project school attendance will be monitored and will progressively be linked to the cash transfers.
- **Communication system and strategy.** The project will support MEAS and DPSS to set up a communication system and strategy for the sector and specifically for the VFP. Communication activities will provide key information to external and internal audiences through formal and informal channels to help create awareness and understanding, improve participation/outreach, and reduce the risk of misinformation. To oversee communication related activities, the project will support the establishment of a communication and marketing unit at DPSS including a communication specialist to oversee the unit and to lead social communications; the Operations Officer will be responsible for the operational communication activities. Different communication channels and activities to be supported include:
 - *Social Communication with general audience.* This channel will target the general public including program beneficiaries and potential beneficiaries, policymakers at all levels, academia, the media and civil society to ensure an overall visibility of the VFP and promote awareness about its activities. The project would support the following activities: (i) program branding; (ii) creation and maintenance of a website and Facebook page with relevant information about the program; (iii) periodic spots on radio and television to disseminate key messages of the program and its progress; and (iv) meetings with key partners and agencies, and community leaders to promote awareness of the VFP and to disseminate key information.



- *Operational communication with beneficiaries and potential beneficiaries.* This channel will aim to increase awareness among beneficiaries of the program and its processes and clearly explain the scope and limitations of the program, eligibility criteria, procedures, roles and responsibilities, etc. The project would support the use of radio and television, mobile text messages, and DPSS staff and community leaders to share information about the registry and enrolment processes, beneficiaries' rights and obligations and payments including reminders with information on payment dates, amounts, location, etc.
 - **GRM.** An information and complaint redress system to enable both beneficiary and non-beneficiary households to inform and lodge complaints about selection, payments, compliance, quality of services and any other issue arising during implementation and seek redress will be designed and implemented under the project.
5. **TA.** This subcomponent will also finance specialized TA to help DPSS establish the social safety net system. MEAS currently has very few staff to cover all MEAS responsibilities and programs. Due to the expected high increase in workloads to establish the various service delivery systems under the project and capacity limitations, MEAS will recruit TA in specific areas. The TA to be recruited will include at a minimum: (i) an Operations Officer; (ii) an MIS Specialist (with an IT profile); (iii) a Communications Specialist; (iv) an M&E Specialist; (v) a Complimentary Activities Specialist; and (vi) a Payments Specialist. These technical specialists will be based within MEAS under the supervision of the current Director of DPSS and interact with MEAS staff for all policy and technical matters. The Director of DPSS will be responsible for leading and coordinating all activities related to Social Protection and directly manage the external TA recruited and internal staff.
6. **Knowledge generation and capacity-building activities.** Knowledge generation and other activities to enhance the capacity of MEAS and DPSS staff include (i) updating poverty and vulnerability maps; (ii) mapping the existing supply of social services and assistance programs at the district and municipal levels; (iii) carrying out capacity building activities to conduct research and analyze data; (iv) carrying out evaluations of social protection programs; and (v) other training as needed to increase the capacity of MEAS and DPSS staff to manage and implement social protection programs.

Subcomponent 1.2 – Strengthening governance and building institutional capacity in the skills development sector (US\$0.8 million equivalent)

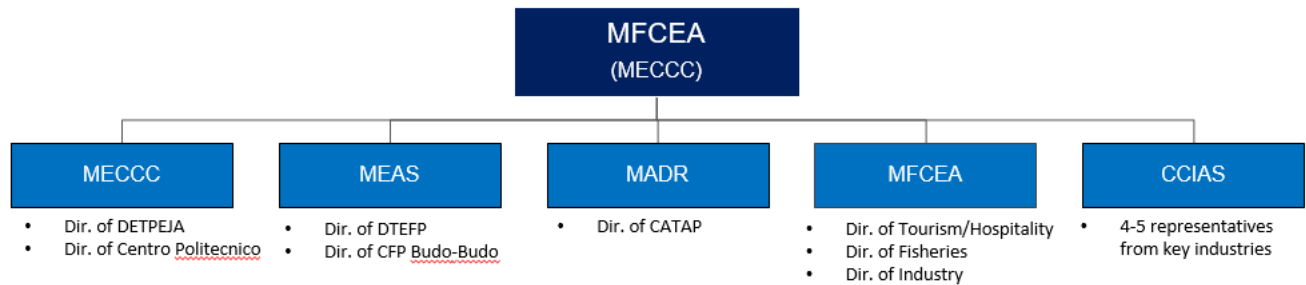
7. This subcomponent aims to strengthen the governance framework and institutional capacity in the skills sector to effectively design and implement market relevant training programs that lead to higher rates of employment of TVET graduates and contribute to economic growth. Under this subcomponent, the project will support: (i) the establishment of a National Skills Development Coordinating Committee (NSDCC); (ii) the development of a National Skills Development Plan for key growth sectors i.e., tourism, agriculture, etc.; (iii) data collection on employability of TVET graduates; and (iv) capacity-building of key staff in the sector to provide more labor market relevant skills development programs.
8. **NSDCC.** Under PADHRU, a past skills development project supported by the AfDB, several actions were taken to try to improve coordination and governance within the skills sector. Legal frameworks, operation manuals, laws etc. were created although most of them were never operationalized. As a first step, to improve overall coordination and establish stronger linkages between skills development programs and the labor market, the



project will support the establishment of an NSDCC. According to legal documents, previously a National Executive Committee to oversee coordination of skills activities was to be created under the Ministry of Finance. During project preparation, a decision was made by the Minister of Finance to delegate the responsibility for establishing and leading this group to MECCC. As part of the work to establish the group, further actions will be taken to agree on clear TORs and future institutional arrangements.

- *ToR.* During this first phase, the objective of the committee will simply be to create an institutionalized structure for information sharing across ministries. This committee should include representatives from Ministries responsible for overseeing skills development programs, TVET institutions implementing skills training programs, and individuals from the private sector in key industries/growth sectors. Once the National Skills Development Plan for key areas has been created and an M&E system established, it is expected that this committee may play a role in deciding funding allocations and setting priorities for the training programs offered in the country.
- *Capacity Building.* As part of the work to establish the committee and agree on specific ToR, the project will support a study visit to Brazil during the first year. The study visit will include all members of the NSDCC with the objective to learn best practices in how other countries effectively coordinate across Ministries and create strong linkages with the private sector and industry leaders to ensure the employability of TVET graduates. This visit will be organized together with the National Service for Industrial Training (*Servico Nacional de Aprendizagem Industrial, SENAI*) and the National Service for Commercial Training (*Servico Nacional de Aprendizagem Comercial, SENAC*) which are two institutions internationally recognized as best practice in this area.

Figure 3.1 Potential National Skills Development Coordination Committee Members



9. **National Skills Development Plan for Key Growth Sectors.** The project will provide TA to support the Government in developing a simple National Skills Development Plan. for key growth sectors i.e., tourism, agriculture, etc. Sections of the plan for various priority sectors will be developed collaboratively with input from the private sector and relevant ministries. The design of this plan will be guided by existing data including labor market analysis, tracer studies, and projections for economic growth in select sectors. The section on tourism will be developed in direct alignment with the National Strategy for Tourism.
10. **M&E System.** To improve the availability of data and shift the focus of TVET providers from not only training individuals but to employment of their graduates, the project would support the creation and implementation of tracer studies. These studies will track TVET graduates’ labor market outcomes and include beneficiary and employer surveys to monitor the needs of the labor market and the quality of training provided. All four TVET



institutions (CFP Budo-Budo, Centro Politecnio, CATAP, and EHT) and DETPEJA will be required to conduct these studies on an annual basis and use their results to develop annual training plans. The tracer studies together with each TVET's annual training plan will then be submitted to the NSDCC for their information.

- *Tracer Survey Questionnaire.* TA will be recruited to further develop the tracer survey questionnaire(s) used for the pilot.²³ Drawing on lessons learned from other countries, the survey should be concise and focus on only collecting essential information needed for decision-making. Upon completion of the tracer studies, each institution will create a very simple report that analyzes the results, highlighting employment rates, contributing factors, and recommendations for future course offerings. TA recruited to help develop the questionnaires will also be responsible for developing a common template for the final report and provide on-going assistance to the various TVET centers during implementation.
- *Electronic Data Collection.* Based on the success of the tracer survey pilot, the project will support data collection using questionnaires administered via tablets. To store the data when the survey is being administered, arrangements will be made to secure space on a server hosted by the World Bank's Survey Solutions initiative. This is a free service which is both cost-effective and reduces the potential risk of purchasing costly local servers that may be poorly maintained. The Survey Solutions platform is also set up in a way that enables those at a distance to access the survey database and provide additional technical support, quality control, and oversight when the survey is being administered. During the first year, a system for archiving the final datasets at the various TVET centers will also be established to ensure that the information is kept and can be analyzed further as needed.

11. **Capacity-building of key staff in the sector to manage and implement skills development programs.** The project will support additional capacity building activities for the main departments responsible for managing and overseeing skills development programs including DETPEJA staff within MECCC, Directorate of Work, Employment and Professional Training (*Direcção do Trabalho, Emprego e Formação Profissional*, DTEFP) staff within MEAS and TVET institution administrators. Priority will be given to training on topics that will increase their capacity to conduct tracer studies and use their results such as design and implementation of surveys, data analysis, and planning tools. Other topics may include development and management of course curriculums. These activities would be delivered through workshops and direct on-the-job training.

Component 2 – Vulnerable Families Program Conditional Cash Transfer (US\$3.5 million equivalent)

12. The objective of this component is to increase income and consumption of poor households participating in the VFP in STP, through the provision of regular cash transfers and accompanying measures including a PEP and skills training opportunities through skills development initiatives supported under the project.

Subcomponent 2.1 – Conditional Cash Transfer VFP (US\$3.1 million equivalent)

13. **The VFP is a CCT Program that was agreed upon in 2012 under the frame of the new Social Protection Policy and Strategy but has yet to be fully realized.** The program is intended to be an adaptation and improvement of

²³ The tracer survey pilot conducted during project preparation included two different questionnaires to gather data on training outcomes for the tourism-related courses offered by the CSPQ in secondary schools and at the CFP Budo-Budo. It is expected that under the Project, these questionnaires will be developed further to include all courses and types of training offered at the 4 TVET Centers/Institutions and the TVET track in secondary schools.



the “*Needy Mothers Program*”. The VFP enlarges the target group to include all extreme poor households with at least one working age member (*Needy Mothers* only targeted poor female-headed households). The project will support the transition from the *Needy Mothers* to the VFP and will scale up the program to include additional beneficiaries in all districts of the country.

14. **Geographical targeting.** The previous government program “*Maes carenciadas*” targeted beneficiary households in all districts of the country. Those households (approximately 850 households) have already been surveyed and registered and will be transferred to the new program. The rest of the beneficiary households to be selected under the project will be distributed along the 6 districts and the RAP according to the following table.

Table 3.1 Program Scale Up

District	Number of extreme poor (IOF)	Households Registered in SR	Difference extreme poor vs. SR	New households	Total households
Agua Grande	1,207	112	1,095	930	1,042
Mé-Zochi	483	113	370	315	428
Cantagalo	106	180	0	0	180
Caué	107	80	27	23	103
Lemba	379	159	220	187	346
Lobata	358	174	184	156	330
RAP	160	32	128	109	141
TOTAL	2,801	850	2,024	1,720	2,570

Source: Team estimates based on poverty levels from IOF, 2011

15. **The specific localities within the districts will be selected by using a vulnerability ranking of all the localities.** A quota of beneficiaries will be set for all selected localities until the total number of beneficiaries per district is reached.
16. **Beneficiary selection.** All new beneficiary households to be selected under the project will need to meet two main criteria: (i) be classified as poor, following a registration process and the application of a PMT formula; and (ii) have children under the age of 18. In the districts of the project, a quota of beneficiaries will be calculated considering the total number of population and the poverty rate. All households willing to participate in the program in those districts will then be invited for a survey, following a communications campaign. After the survey is completed, a PMT score will be calculated and used to rank the households from poorest to less poor. The PMT formula and registration has already been designed and tested with very positive results. The predefined quota for each district will then be used to select the appropriate number of beneficiary households. The list of beneficiaries will be announced and confirmed in a community meeting, with the participation of local governments (*camaras municipais*).
17. **Enrollment of beneficiaries.** All beneficiary households will then be enrolled in the program by DPSS. A communications campaign will determine the place and dates of the enrollment process in each district. Beneficiary households will also be reminded of the type of identity documents that they need to bring on the day of enrollment (ID or birth certificate) and invited to attend the enrollment process. DPSS staff will be responsible



to carry out the enrollment process, which will consist of three main steps: (i) a communication and sensitization session explaining to the beneficiaries the conditions of participation in the program, including the level and duration of benefits, the payment system, and the co-responsibilities; (ii) a verification of names and beneficiary data on the beneficiary final list, at which stage a photo of the mothers will be taken; and (iii) the distribution of the program beneficiary card and potential payment instruments (ATM cards, mobile phones, etc.).

18. **Level of benefits and duration of participation in the program.** The transfer value for the project has been set at US\$30 per household per month, to be paid every two months, representing 22 percent of pre-program median consumption among the extreme poor. Additionally, beneficiary households will receive a yearly school enrollment benefit for an additional US\$30 amount.
19. **Payment of beneficiaries.** Payments will be done every two months and will be made to the mothers (except in rare cases when the household is headed by a single father). Based on the available budget and level of benefits, it is expected that approximately 2,570 households will receive cash transfers for the total duration of the project. One (or several) payment agencies will be recruited by MEAS through a competitive process at the start of project implementation.
20. **Co-responsibilities.** The cash transfer will be conditional to primary school attendance for all children of the beneficiary households, but failure to do will not result in strict sanctions during the lifetime of the project. Although the compliance system will not be in place at the beginning of the project, all children of beneficiary households will be expected to attend primary school (with a minimum of 80 percent monthly attendance) and cash transfers will be linked to school attendance in all communication messages.
21. **Roll-out plan and phasing.** The implementation of the cash transfer program will be done in two phases. The first phase will start with payment to the 850 households that are already part of the Needy Mothers program which have already been surveyed and registered. A second phase will follow to select the remaining 1,720 families.
22. **PEP.** In order to increase the impact of the cash transfer, the VFP will include accompanying measures that target household's main beneficiaries. The project intends to build on the experience of a current PEP and beneficiary households will need to participate, as a co-responsibility, in the PEP. As part of the project, the current PEP, which empowers parents to positively stimulate the development of their children, will be enriched with other topics to increase awareness on other human development issues including family planning, improved nutrition, financial inclusion and gender-based violence. The enriched PEP will empower parents, and particularly women, by increasing knowledge through training on topics such as (i) rights and responsibilities as a Program beneficiary; (ii) early childhood development; (iii) mitigation of gender-based violence; (iv) management of household finances; and (v) soft skills and citizenship. The topics and content to enrich the PEP will be selected among existing programs run by government agencies, NGOs and the private sector to build on existing knowledge and experience. A Complimentary Activities Specialist will be recruited to help coordinate these activities and develop adequate materials and MEAS will competitively recruit one or more NGOs to carry out the outreach programs.

Subcomponent 2.2: Skills Training Opportunities Targeted to VFP Beneficiaries (US\$0.4 million equivalent)

23. **A referral system for beneficiaries of the VFP to access TVET initiatives will be developed and tested under the project.** It is expected that at least 300 members of VFP beneficiary households will benefit from certified training programs supported by the project. By linking cash transfers with skills development initiatives, it is expected that



the project will provide a means to activate beneficiaries and potentially increase their employability and chances of graduating out of poverty in a sustainable way. The specific trainings identified for support under the project include an entrepreneurship and small business administration course and short and medium-term courses in tourism offered by a new EHT to be established under component 3 of the project. These activities have been selected given their relevancy to the labor market and potential to lead to employment.

Table 3.2 Training Opportunities Supported by the Project for Members of Households under the VFP

Training Center	Duration	Type	Requirements	Number of VFP Participants
CFP Budo-Budo	7 weeks (120 hours)	Entrepreneurism and small business administration (with support to start a small business) (ACPE)	6 th grade	120
National Hospitality and Tourism School (EHT)	2 – 9 months (200 to 1080 hours)	Certified Short- and Medium-Term Courses in areas related to tourism	6 th grade for short-term courses; 9 th grade for medium-term courses	180+

Entrepreneurism and Support to Create Your Own Business Course - ACPE

24. **ACPE Background.** With the support of the CP, CFP Budo-Budo has been offering a seven-week training course on how to set up your own business since 2014. The course was initially only offered at the CFP Budo-Budo’s main campus in Agua Grande. However, to provide more inclusive training opportunities for those living outside of Agua Grande, in 2016 the course was expanded and arrangements made to offer the course annually in all six districts. The District Offices help to identify potential participants and CFP Budo-Budo is given space at the District Office each year to implement the seven-week course. The course is led by a core team of trainers and rolled out across two districts at a time over approximately 21 weeks. According to the tracer study pilot, this course has shown promising results with many participants successfully creating a small business. The project will support the expansion of this course to reach those at the lower end of the socioeconomic scale and to help citizens outside of the capital create businesses that enable them to benefit from economic growth in key areas like tourism.

25. **Selection Criteria and Targeting.** For the participants supported by the project to participate in the ACPE, clear selection criteria will be enforced, prioritizing socioeconomic disadvantaged youth and female heads of households from the VFP. The VFP will identify 20 participants from each of the six districts for a total of 120, of which at least 70 percent are women. The course requirement that participants have at least a 6th grade education will be maintained. Currently, participants are selected by filling out a form at the District Offices which demonstrates a clear business idea that they intend to develop. This will be waived for the VFP beneficiaries. With the support from the project, it is expected that this training will reach 30 members of households from the VFP each year for four years reaching a total of 120.

26. **Phases.** The most cost-effective way to expand the current program is to increase class sizes – although, significantly larger classes sizes are not recommended due to the level of hands-on support required. During the pilot phase, current class sizes of 10 students in each district will be expanded to 15 to accommodate 5 additional participants from the VFP. After the first year, tracer study results will be used to determine if adjustments are



needed including possibly organizing separate sessions for VFP participants using a simplified curriculum and/or providing additional follow-up and support. Any suggested changes or modifications to the curriculum will be discussed together with the Council of Partners under development to oversee the CFP Budo-Budo.

27. **Curriculum.** With support from the ILO, the ACPE course was recently reformed to be based on a standard curriculum the ILO has been using for similar entrepreneurial training programs across Africa. The course is structured as a step-by-step guide for starting a small business. The adapted course includes 120 hours of training over a seven-week period, highlighting key concepts from two different manuals: (i) Generate Your Business Idea (focused on developing a concrete business idea); and (ii) Start Your Business (focused on developing a strong business plan). These manuals provided by the ILO are a Portuguese translation of manuals previously used in Mozambique. Under the project, supplementary materials which account for the STP context and provide specific examples from key growth areas, such as tourism, will be developed. During the first year, CFP Budo-Budo will work together with DGTH to identify examples of potential eco-friendly, tourism-related small business ideas aligned with the National Tourism Strategy.
28. **Mentors/Coaching.** The CP has been identifying and providing training for coaches and mentors to help participants from the ACPE course set up their businesses during its initial stages. The project will provide additional resources to develop the mentoring/coaching program in order to offer targeted support at the district level to help participants, and VFP beneficiaries in particular, set up their businesses.
29. **Stipends.** The ACPE course provides participants with a stipend of roughly US\$400 to implement their business plans. These stipends are not directly given to participants. Rather, CFP Budo-Budo directly procures goods based on an approved business plan and list of eligible expenditures. However, there is a considerable body of research showing that direct transfers to the poor, if done correctly, often lead to better results and greater ownership. For the VFP participants, the project will pilot a process of direct transfers using the payment system established by the social safety net program. Stipends would still be based on approved business plans but participants will receive the stipends in two separate tranches – the first tranche will be received after successful course completion. After a simple verification during follow-up visits that the funds were used as intended, participants will then receive the second tranche. If successful, CFP Budo-Budo will be encouraged to expand this approach to other course participants as well.

Certified Short and Medium-Term Courses in Tourism

30. **To ensure that the skills development activities are inclusive, the project will support at least 180 participants from the VFP to benefit from the training courses to be offered by the new EHT.** These courses will primarily target VFP beneficiaries residing in Agua Grande. The project will cover all tuition fees and these beneficiaries will be prioritized when enrolling students in various course offerings. Additional details on the training programs are included under Subcomponent 3.1.

Component 3 –Employability of TVET graduates and youth (US\$3.5 million equivalent)

31. **This component aims to support the development and implementation of quality training programs in STP, with a specific emphasis on skills development needs in the Tourism sector and developing entrepreneurial skills.** Building on the recently issued National Strategy for Tourism in STP, the Project will support efforts to increase the supply of skilled labor – with a focus on ensuring skills provided are adequate for meeting labor market



demand as the tourism sector continues to grow. Further, based on the limitations of size of the private sector, a specific program intended to foster a greater entrepreneurial mindset amongst youth in STP will be supported. This component includes two sub-components: (i) establishing a National EHT in STP; and (ii) building entrepreneurial skills among all secondary school students.

Subcomponent 3.1 – Establishing a National Hospitality and Tourism School (US\$2.7 million equivalent)

32. **The objective of this subcomponent is to establish a EHT that provides market-relevant and certified training leading to jobs and increased wages of trainees.** The school will support the growth and competitiveness of STP's tourism industry by working closely with the Government to offer short, medium, and long-term courses (ranging from 3 months to 3 years) in areas identified as priorities under the National Skills Development Plan. Courses tentatively identified include: natural and sustainable tourism, preservation of cultural and natural spaces, tourist guides, tour operators, events organization and planning, marketing, hotel reception, restaurant and bar staff, kitchen and pastry assistant chefs, housekeeping etc. The long-term courses will follow the official dual-certification secondary vocational education program, CSPQ, that provides graduates with an academic certification and a vocational certification. The academic part will be offered by regular secondary education school teachers. The majority, if not all, of the vocational courses will follow international standards with international certification. The expected that the 700 trainees to participant in courses during the lifetime of the project will include a combination of existing employees in the tourism sector, unemployed youth/adults, students in secondary education, and 180 beneficiaries of the VFP. Tuition fees for the trainees from the VFP will be paid for directly by the project while other trainees will be expected to pay a fee to incentivize active student participation and lay the groundwork for a sustainable financing mechanism.²⁴
33. **The project will finance international TA to establish the national EHT in STP based on international standards.** The TA would support: the initial establishment and management of the school, including a business plan, initial teaching of trainees, training of trainers, curriculum development, trainee and trainer certification in technical areas, and tracking employment outcomes of graduates. DGTH will also develop a GRM for the school to handle any complaints regarding issues related to selection of students, behavior of school staff, etc.
34. **A Governing Board, led by DGTH, consisting of three representatives from relevant ministries (i.e., DGTH, MECCC, and MEAS) and four representatives from the private sector will guide the establishment of the EHT and delivery of training programs.** The school will be legally established after the first year of the project, based upon an appropriate management, staffing and financing plan. In the initial stages, the school will occupy existing training facilities based upon the needs for classrooms and facilities available for practical training. The school will either rent or occupy existing training facilities based upon the needs for classroom and facilities available for practical training, and in accordance with agreements with hotels and restaurants for use of their facilities, as needed. The school will enter into simple contracts with private operators in tourism for training of their employees, part-time employment of senior employees as master trainers, internships, and use of their facilities for training. The school will also benefit from a clear and transparent performance-based contract with the government. The contract with the selected service provider to help establish the school will describe the expected results, as well as mandatory management practices, reporting, and the oversight of the school. The annual assessment will include a mandatory tracer study (comparable with the nationally agreed methodology) as well as fiduciary reports. The findings of these assessments will be used to modify the program and any aspects of its implementation.

²⁴ The fee for students in the dual certification course will follow the national norm (~16 Euro/month).



35. This subcomponent will finance services, operational costs and goods, including: (i) recruiting an international training institution to help with the design and implementation of key features of the Program (curricula, certifications in technical areas, selection methods, marketing, etc.) with a view towards the school's establishment in the long-term; (ii) hiring professional technical trainers (national and international); (iii) covering costs for maintaining the school in a temporary location (e.g., operating costs, limited equipment, etc.); and (iv) developing, adapting, and printing learning materials.

Subcomponent 3.2 – Building entrepreneurial skills among secondary school students in STP (US\$0.8 million equivalent)

36. **Background.** Together with UNIDO, MECCC has begun developing a new training program on entrepreneurial skills to be incorporated into the secondary education curriculum. This curriculum is based on similar models successfully implemented in other Portuguese speaking countries in Africa. The program intends to foster entrepreneurial attitudes, knowledge and skills among STP youth. The course includes content on developing positive attitudes towards work, creativity, self-confidence, problem-solving, planning and resource management, and financial literacy. Ultimately, students are expected to be better able to work within their communities, identify opportunities, participate in the productive sectors, and create self-employment. The project will finance the work required for MECCC and UNIDO to further develop this curriculum and fully implement it all secondary schools in STP.
37. **Curriculum.** The curriculum to be developed will draw upon similar materials created in other countries. These materials, teacher manuals and student textbooks for grades 10 and 11, will be adapted to fit the STP context in terms of government policies and procedures and priority economic sectors. Sessions will be held with MECCC, key sector Ministries, and the private sector to improve these materials to ensure that they include a significant practical element. The materials will be learner-centered and use pedagogies such as role plays, debates, team work, etc. A strong focus will also be given to partnering with the business community – business people and successful entrepreneurs will be invited to share their experiences and host visits.
38. **Gender focus.** The learning materials developed are to be gender-sensitive and promote both women's and men's socio-economic improvement. Young women will be encouraged to also participate in entrepreneurial activities, business administration, and self-employment; successful women entrepreneurs will be highlighted and invited as speakers as part of the training program. The curriculum will also include sessions with parents to raise their awareness of the benefits of supporting girls' education, and entrepreneurial endeavors. Opportunities will also be found to raise awareness of issues related to gender-based violence and ways to combat these.
39. **Teacher Training.** Similar programs in other countries demonstrated that a strong focus on teacher training is essential. It is expected that teachers selected to implement the course material will participate in at least 80 hours of training each year. By the end of the project, it is expected that 120 teachers will be sufficiently trained to support the program in all secondary schools and TVET centers offering CSPQ courses. School Directors and Pedagogical Supervisors are also expected to participate in the training sessions to facilitate lesson planning and support implementation.
40. **Phases.** Due to limited resources, the program began during the 2017/18 school year with a small pre-pilot. The project will enable MECCC, with UNIDO's assistance, to continue the pre-pilot for grade 11 and then conduct the



full pilot in both grades 10 and 11. Adaptations will be made to the learning materials and teacher training activities based on the results of the pilot. By the end of the project, it is expected that the new materials will be ready for use in all grade 10 and 11 classrooms. The number of secondary education students expected to benefit from all 144 hours of entrepreneurial training (72 hours in grade 10 and 72 hours in grade 11) during the project is 7,500.

41. **Support to the Entrepreneurship Education Office within DETPEJA.** Highlighting the importance of reforming the current education system to produce graduates with greater entrepreneurial attitudes and skills, a new office within MECCC in this area was recently established. This office will be responsible for overseeing all activities related to integrating entrepreneurship into the secondary curriculum. To build capacity and strengthen this office, these staff will benefit from significant TA and implementation support from UNIDO. To facilitate the work of this department and DETPEJA more generally, the project will also support the purchase of various equipment such as computers, printer/copier(s), and a vehicle.

Component 4 – Project Implementation Support (US\$0.7 million equivalent)

42. **This component will directly finance the costs associated with the fiduciary management (FM) of the project and the staff required to oversee coordination across Ministries and project M&E.** Per the agreement with MF, all technical aspects of World Bank-financed projects will be handled by the respective ministries while all fiduciary aspects will be handled by AFAP. AFAP is an entity that is shared across projects and each project is responsible for contributing resources to cover shared costs such as AFAP staff, operating costs (i.e., rental space, transportation, utilities, etc.), external audits, etc. Given the multi-sectoral nature of the project, in addition to the shared fiduciary staff across World Bank-financed projects, the project will also recruit a Senior Operations Officer to be based at AFAP to coordinate between the ministries, particularly for the skills development activities that involve more than one Ministry, and liaison effectively with AFAP and technical teams regarding fiduciary aspects. A Senior M&E Specialist, based at DETPEJA will also be recruited to prepare joint reports for the entire project and provide hands-on support to help establish the M&E system for the skills sector.



ANNEX 4: Map

