



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 06-Jan-2020 | Report No: PIDA27665



BASIC INFORMATION

A. Basic Project Data

Country St. Lucia	Project ID P170445	Project Name Saint Lucia Human Capital Resilience Project	Parent Project ID (if any)
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date 19-Dec-2019	Estimated Board Date 27-Feb-2020	Practice Area (Lead) Education
Financing Instrument Investment Project Financing	Borrower(s) Saint Lucia	Implementing Agency Ministry of Education, Innovation, Gender Relations and Sustainable Development, Ministry for Equity, Social Justice, Local Government and Empowerment	

Proposed Development Objective(s)

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

Components

Strengthening Technical and Vocational Education and Training (TVET)
Strengthening the Social Protection System
Technical Assistance, TVET Equipment and Furniture, and Project Management

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

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

DETAILS



World Bank Group Financing

International Development Association (IDA)	20.00
IDA Credit	20.00

Environmental and Social Risk Classification

Moderate

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **Saint Lucia is a small island state and an upper-middle income country in the Caribbean.** Saint Lucia has a population of 180,000 and a Gross National Income (GNI) per capita of US\$9,460 as of 2018. The country is politically stable and had a peaceful transition of power following national elections in 2016. Like the other national economies in the Organization of Eastern Caribbean States (OECS), Saint Lucia’s economy has limited diversity. Tourism contributed an estimated 40 percent of GDP and 47 percent of employment in 2016 through direct, indirect, and induced contributions. These figures are projected to increase, reaching over 50 percent of GDP and 60 percent of jobs by 2027. Agriculture, construction, and small-scale manufacturing are Saint Lucia’s other leading sectors for production and employment.

2. **Small island states are also characterized by limited human capital, an important challenge in Saint Lucia.** Limited provision of quality, labor market-relevant education and skills has contributed to unemployment, which increased from 13.2 percent to 23.3 percent from 2006 to 2016. Female and youth unemployment increased, respectively, from 15.5 to 25.9 percent and from 31.7 to 47.4 percent. Among the employed, 57 percent earn less than EC\$1,500 (US\$555) per month, while 46 percent of the population is classified as not having decent work. A large share of employment is in the informal sector, mainly in micro and small businesses. The small size of the education and training system, combined with limited expertise and capacity to deliver the skills required by employers, constrains the system’s ability to respond to these challenges.

3. **In addition, countries in the Caribbean, including the OECS member states, are uniquely vulnerable to external natural disaster shocks.** Saint Lucia’s susceptibility to external shocks was most evident in the late 2000s, with global food and oil price increases, the global financial crisis, and the impact of Hurricane Tomas in 2010. Losses from the hurricane were estimated at US\$336.2 million or 43.4 percent



of GDP. Projected climate change impacts in Saint Lucia include increases in the frequency, intensity, and impacts of extreme weather events and sea level rise. This particularly impacts economic activity (including tourism) as population centers are located along the coast.

4. **Children, youth and female-headed households remain particularly vulnerable despite the decline in poverty rates over the past years.** Based on the most recent survey data, the poverty level fell from 28.8 percent in 2006 to 25 percent in 2016, representing about 45,000 people. This decline was more pronounced in the rural areas, with a reduction in poverty levels from 41 to 32.9 percent. Child and youth poverty rates remained comparatively high in 2016, at 34.5 and 32.1 percent, respectively. The child poverty rate is 41.2 percent in female-headed households, compared to 29 percent in male-headed households. Moreover, although 42 percent of the population lives in female-headed households in Saint Lucia, these represent 52 percent of the poor population.

5. **To address poverty, vulnerability to shocks, and youth unemployment, the Government of Saint Lucia is pursuing a two-pronged strategy to support greater human capital and resilience.** The strategy includes provision of more and higher-quality vocational, academic, and socio-emotional skills, particularly for youth; and increasing the efficiency and coverage of the Social Protection (SP) system by, *inter alia*, enhancing targeting to identify eligible individuals for social benefits, expanding social safety nets, and developing a social information system to improve coordination among programs. The enhancement of skills and the increased efficiency and coverage of the SP system will contribute to the human capital and resilience of vulnerable groups by increasing employability and adaptability while minimizing the adverse effects of shocks on human development outcomes.¹

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

Sectoral and Institutional Context

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

8. **A key driver of high unemployment is the mismatch between the skills of Saint Lucia's workforce and labor market needs, with evidence of significant shortages of technical skills.** While macroeconomic factors such as Saint Lucia's slow recovery and the small size and limited diversification of the economy

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



affect the overall availability of jobs, employers have cited an inadequately prepared workforce as a major obstacle to employment in enterprise surveys. Despite the availability of job seekers in the labor market, key sectors, including construction and tourism, rely on permits from the Ministry of Labor (MoL) to employ foreign workers. According to the latest Saint Lucia Labor Market Needs Assessment in 2012, 60 percent of job seekers held qualifications below the secondary level, while 75 percent of job openings required a secondary education or higher qualification levels. There is also evidence of skills shortages in the public sector: for example, of the 450 early childhood practitioners nationwide, only 50 have a minimum qualification in the field, Caribbean Vocational Qualification (CVQ) Level 1.² Authorities believe that skills shortages also affect the informal sector, though no up-to-date assessment of sector needs exists. Employers also report relatively poor socio-emotional or “soft” skills among the population. According to the final report of the Saint Lucia Social and Economic Labs convened by the office of the Prime Minister in October-December 2018, participating employers cited professionalism, customer service, conflict resolution, and communication skills as top skills needs.

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

10. **The supply of labor market-relevant TVET qualifications is limited and inefficiently distributed.** Provision of TVET in Saint Lucia is predominantly through the public sector, comprising 22 secondary schools, two post-secondary institutions (Vieux Fort Post-Secondary Department and Sir Arthur Lewis Community College), and two skills training institutions catering to out-of-school youth and adults (National Skills Development Corporation (NSDC), and the National Enrichment and Learning Programme (NELP). There is also one private skills training institution, the Centre for Adolescent Renewal and Education (CARE), and five small private postsecondary institutions. At the postsecondary level, only 42 percent of applications to CVQ courses are accepted due to limited capacity. Moreover, nearly all CVQ programs are at levels 1-2 on the Caribbean Community’s (CARICOM) five-level scale, while levels 3-5 – equivalent to an “independent/specialized worker” up to managerial worker – are often required to secure meaningful employment or to pursue further education. Only 9 of 22 secondary schools on the island offer CVQs. There is, however, evidence of high levels of student interest in vocational fields: 51

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



percent of secondary school students were tested in at least one TVET subject in the 2017 CSEC exams.³ Even among those that do offer CVQs, the subjects provided are based on convenience and the initiative of principals and teachers, not necessarily on their potential value to students for future employment, requiring an urgent rationalization. TVET teachers, especially those in secondary schools, often lack up-to-date industry experience and the skills required to deliver competency-based instruction.

11. **The existing TVET system also reinforces inequality.** While data on access to TVET qualifications by socioeconomic status are not available, the cost of certification (typically US\$150-300 for CVQs) is reportedly a barrier to lower-income trainees. A substantial majority of TVET participants are female, due in part to extreme gender polarization within most TVET fields and higher enrollment in stereotypically "female" fields, which tend to command lower wages than in stereotypically "male" fields.⁴ Finally, Saint Lucia has five separate schools for children identified as having disabilities or special needs, but none offer CVQs, depriving these students of opportunities to develop skills that could help them enter the workforce and attain greater self-sufficiency.

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

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

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

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

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



to transform the current system to a demand-driven, equitable system that both meets the needs of industry and provides opportunities for all.

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

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

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

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

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

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

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



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

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

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

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

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

Key Results

- (a) Increased number of persons gaining labor market-relevant skills in selected sectors since project effectiveness. The indicator will be disaggregated by recipient gender, students at special schools, and members of PAP beneficiary households.¹¹

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

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

¹¹ "Labor market-relevant skills in selected sectors" consist of (i) a recognized and competency-based skills qualification (e.g. CVQ) in an economic sector identified as a priority through a labor market needs assessment or by the TVET Council; and (ii) entrepreneurship and/or employability training, if not already included in the technical credential.



- (b) Increased number of PAP beneficiaries identified as poor based on revised targeting tool (disaggregated by gender).¹²

D. Project Description

21. **The proposed Project aims to strengthen the resilience of Saint Lucia's population with a two-pronged approach to strengthening human capital.** The TVET component will focus on the promotion of more and higher quality technical and socio-emotional skills and the transformation of the TVET sector from a supply-driven system to a demand-driven system that responds to changing labor market conditions. The SP component will concentrate on strengthening the SP policy framework, increasing the coverage of the main cash transfer program, PAP, and improving the implementation of flagship social programs. These components are complementary and integrated through their positive impact on human capital and resilience.

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

22. Component 1 aims to strengthen the TVET system to increase provision of labor market-relevant skills. It will do so by implementing a strengthened enabling environment for TVET, rationalizing existing courses and supporting new TVET offerings, supporting the professional development of TVET trainers, providing financial assistance to low-income students, and supporting sponsored internships and job placements in the private sector. These activities will be enhanced with technical assistance and procurement of TVET equipment and furniture under Component 3. It is composed of two subcomponents:

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

¹² This indicator measures coverage of the main social assistance program and incorporates an efficiency consideration by focusing on the beneficiaries identified as poor by the revised targeting tool.



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

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

25. Component 2 aims to strengthen the social protection system by enhancing the policy framework and targeting mechanism, increasing PAP's coverage of the poor, and improving the implementation of the main social programs. These activities will be supported by technical assistance (i.e. consulting and non-consulting services) under subcomponent 3.1. Component 2 is composed of two subcomponents:

26. **Subcomponent 2.1: Strengthened social protection policy framework¹³ (US\$3.0 million in DLIs).** This subcomponent is associated with DLI 4 (DLR 12) and DLI 5 (DLR 16, 17 and 19) and aims to enhance the SP policy and policy environment and to improve the targeting mechanism used to determine eligibility of potential beneficiaries. It specifically supports the following: (i) review and revision of the national SP policy; (ii) development and implementation of a graduation strategy for social assistance household recipients; and (iii) development and implementation of the updated targeting tool, SL-NET 3.0. The revised SP policy will identify and address systemic gaps by assessing current social needs with the policy interventions in place, enhance coordination and integration of social programs, and incorporate an adaptive SP approach, including elements to prevent, mitigate and respond to shocks. These elements will include designing interventions that can be expanded (or contracted) according to need and identifying potential financing mechanisms (as part of the broader risk financing and insurance framework¹⁴) to scale up SP programs in case of disasters. The development and implementation of a graduation strategy for social assistance household will facilitate access to jobs and enabling services such as TVET and childcare. Finally, the development and implementation of the updated targeting tool, SL-

¹³ The SP Policy Framework refers to the scheme to define policy goals and strategies, key procedures with potential policy-level implications, and guiding principles that generally require Cabinet approval.

¹⁴ The Bank has been supporting the Government of Saint Lucia with its Disaster Risk Financing Strategy. One of the recommendations that the Bank identified as part of this technical work was the need to strengthen the management of contingent liabilities related to SP. Further details of the recommendations are included in the report: World Bank, 2017. Advancing Disaster Risk Finance in Saint Lucia. This work is available at: <https://elibrary.worldbank.org/doi/pdf/10.1596/29736>.



NET 3.0 (recently approved by Cabinet), will improve the selection of beneficiaries based on poverty levels, thereby improving overall spending efficiency of social programs.

27. **Subcomponent 2.2: Improved coverage and implementation of flagship social programs**¹⁵ (*US\$4.5 million in DLIs*). This subcomponent is associated with DLI 4 (DLRs 13-15) and DLI 5 (DLRs 18 and 20), and its objective is to increase the coverage of the poor through the expansion of the main social safety net program, PAP, and to enhance the implementation of the main social programs, PAP and KSL. The subcomponent will support: (i) increased coverage of PAP; and (ii) modernizing procedures, implementation and delivery systems of the main social programs (and includes capacity building activities). The PAP's coverage expansion will complement the enhanced targeting of social programs by jointly allowing an improvement of the coverage of the poor, which is currently limiting poverty reduction results. The PAP's coverage expansion will be sequenced with the implementation of the updated targeting mechanism, ensuring that the incremental PAP beneficiaries are actually the poorest ones. Modernizing the social programs will involve: a) a comprehensive revision of procedures, communication and feedback mechanisms, and monitoring and evaluation processes, among others; b) the design, development and population of a social information system, consisting of a social registry and a beneficiary management information system (BMIS);¹⁶ and c) capacity building activities that will support the successful implementation of the modernized policies, procedures and systems.

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

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

29. **Subcomponent 3.1: Technical Assistance** (US\$2.5 million). This subcomponent will finance consultant and non-consultant services for key results areas of the Project. A TVET Systems Consultancy will advise the TVET Council and MoE on sequencing and executing the required reforms for transition to an inclusive, labor market demand-driven TVET system. A consultancy will support the Central Statistics Office in carrying out the 2022 Living Conditions and Household Expenditure Survey, which will serve as a key input to inform the social protection policies, as part of the continuous improvement cycle. An information technology (IT) consultant will support the design, development and maintenance of the Social Information System. The system will be housed in the MoEQ with support from the Government Information and Technology Services (GITS) and will build on policy and infrastructure investments under

¹⁵ The flagship social programs referred to are PAP and KSL. The latter is a case management program for the extreme poor. Delivery systems improvements such as the social information system could support policies and programs beyond SP, including health and education, among others.

¹⁶ The social registry would include information on poor and vulnerable households (i.e. potential beneficiaries) and will incorporate climate change considerations such as information related to population's exposure (e.g. georeferenced information) and vulnerability to shocks and climate related risks (e.g. quality of housing and assets). As such, by improving information and delivery of social programs, it would also improve adaptive capacity of vulnerable population to cope with shocks. The BMIS would support the implementation of social programs, including automating information processing for benefits and service package decisions, support the provision of benefits and services, monitoring and management of beneficiaries, among others.



the World Bank-financed Caribbean Digital Transformation Program (P171528).¹⁷ The Bank will also provide substantial support to ensure the system incorporates business-process orientation, supporting daily operations and administration of social programs. The system will incorporate an interoperability framework to interact with multiple databases, including the TVET database and Labor database. Individual consultants (IC) will support: the design and supervision of the social information system; the technical analysis to update the SP policy, draft the graduation strategy and the SP operational processes (i.e. manuals); and develop standards and systematize the data for the TVET Council. The non-consulting service is to collect data on PAP beneficiaries to implement the recertification process.

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

31. **Subcomponent 3.3: Project Management (US\$1 million).** This subcomponent will finance: (a) staff and operating costs of a Project Implementation Unit (PIU) to be placed in the MoE; (b) carrying out of independent audits; and (c) carrying out DLI compliance verification.

Legal Operational Policies

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

Summary of Assessment of Environmental and Social Risks and Impacts

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

33. **The environmental risk rating of the project is low.** The project does not include any civil works. The project will support training, institutional capacity building, public awareness of social protection

¹⁷ GITS and other agencies of the Government of Saint Lucia are working to strengthen the national ID system and interoperability framework, which could significantly improve the operating environment of the Social Information System. The Caribbean Digital Transformation Program (P171528) will complement the efforts to strengthen the national ID and interoperability framework through modernization of data privacy and data protection policies, IT standards, supporting resilient IT infrastructure and IT systems for public service delivery and electronic payments platforms, among others. The Government of Saint Lucia and the Bank are working closely on these issues to exploit synergies and avoid duplication.



programs, and improved learning. Accordingly, the project is expected to not have any adverse risks and impacts on environment and human health and no further environmental assessment has been required following the initial screening.

34. **This project is expected to have only positive impacts on vulnerable and systematically excluded groups - the poorest, unemployed, women, disabled, young girls, youth at risks, and people exposed and vulnerable to shocks and natural disasters, among others.** However, potential exists for exclusion of vulnerable people due to inefficiencies in the outreach strategies or systemic discrimination, which may cause inequitable distribution of Project benefits. Accordingly, the social risks have been rated as Moderate. To mitigate these risks, the Project will support participatory approaches to strengthen Borrower social communication processes, and citizen engagement and beneficiary feedback mechanisms, to ensure inclusion and active participation of beneficiaries from vulnerable groups and to avoid any discrimination and exclusion that might be present in the current system.

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

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

E. Implementation

Institutional and Implementation Arrangements

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

38. **A PIU would be established in the MoE to manage the day-to-day operations of the project.** To ensure coordination of implementation across the Project, a single PIU will be established in MoE on account of its experience in procurement and in implementing Caribbean Development Bank (CDB)-financed and OECS regional projects. The PIU would consist of a Project Manager with overall responsibility for the PIU as well as technical activities in education, a Technical Coordinator with responsibility for the activities under MoEQ, a Finance Officer, Procurement Officer, a Monitoring & Evaluation (M&E) Officer, and a Social and Environmental Specialist. With support from the Bank, the Government will hire, at minimum, the Project Manager and fiduciary officers in advance of effectiveness so that their contracts can be signed upon effectiveness. The TORs for the PIU staff will be written to



ensure that the PIU (aside from the Technical Coordinator in Equity) is responsible for activities across the entire project. A focal point in the Department of Labor will be also appointed to ensure coordination across activities that intersect with the labor sector.

39. **An intragovernmental steering committee amongst policy makers in the central and line ministries will be established to engage on policy-level issues.** The Steering Committee would be accountable for the Project, coordinate amongst the ministries, and provide direction for the Project as needed. The Steering Committee would comprise a subset of the existing Committee of Permanent Secretaries, including Economic Development, Finance, Education, Equity, and Labor, as well the chair of the TVET Council and any other stakeholder as necessary. The PS of Economic Development will chair the group, and TORs for the Steering Committee will be outlined in the Operations Manual (POM).

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