REPORT NO.: RES38280

DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
EMERGENCY INCOME SUPPORT AND TRAINING PROJECT
APPROVED ON AUGUST 2, 2018
TO
SINT MAARTEN

SOCIAL PROTECTION & JOBS
LATIN AMERICA AND CARIBBEAN

Regional Vice President: J. Humberto Lopez
Country Director: Tahseen Sayed Khan
Regional Director: Luis Benveniste
Practice Manager/Manager: Pablo Gottret
Task Team Leader(s): Nancy Rocio Banegas Raudales
I. BASIC DATA

Product Information

<table>
<thead>
<tr>
<th>Project ID</th>
<th>Financing Instrument</th>
<th>Investment Project Financing</th>
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</thead>
<tbody>
<tr>
<td>Original EA Category</td>
<td>Current EA Category</td>
<td>Not Required (C)</td>
</tr>
<tr>
<td>Approval Date</td>
<td>Current Closing Date</td>
<td>02-Aug-2018</td>
</tr>
<tr>
<td>02-Aug-2018</td>
<td>30-Jun-2020</td>
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Organizations

<table>
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<th>Borrower</th>
<th>Responsible Agency</th>
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</thead>
<tbody>
<tr>
<td>Sint Maarten</td>
<td>National Recovery Program Bureau</td>
</tr>
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</table>

Project Development Objective (PDO)

Original PDO

The objective of the Project is to provide temporary income support, improve the employability of affected beneficiaries in targeted sectors, and strengthen the social protection system’s capacity for shock-response and protection of the poor.

Summary Status of Financing

<table>
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<tr>
<th>Ln/Cr/Tf</th>
<th>Approval</th>
<th>Signing</th>
<th>Effectiveness</th>
<th>Closing</th>
<th>Commitment</th>
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</table>

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

I. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES
PROJECT STATUS

The project became effective on August 9, 2018 and this is its first restructuring, the purpose of which is to change the closing date from June 30, 2020 to May 31, 2022, to allow completion of Project activities.

As of October 2019, the Project has disbursed 62 percent of total Grant proceeds and has made important progress towards achieving the Project Development Objective (PDO), particularly in Component 1 – Supporting Implementation of the Emergency Income Support and Training Program-. Under Component 1, the Training Program has expanded substantially and its on track to reach its objective of supporting 1,800 un- and underemployed beneficiaries with income support and training. However, there are known delays under Component 2 -Development of a Social Registry-, due to the prioritization of providing the income support and training for un-and underemployed people under Component 1 and the difficulty of hiring a qualified project coordinator (one unsuccessful selection process). In this context, a work plan has been agreed between the Bank and the Government which should improve the pace of implementation for Component 2, however an extension of the project’s closing date is needed to complete such work plan and allow full achievement of PDOs.

Progress per component is described below:

Component 1. Supporting the Implementation of an Emergency Income Support and Training Program (“EISTP”). The government signed a subsidiary agreement with the Sint Maarten Training Foundation (SMTF) to implement the Income Support and Training Program. Since August 2018, the Program has expanded its training opportunities and has increased the number of participants from 727 to 1,331 by September 2019, all of whom have received income support and have complied with attending training courses. Of the 1,331 verified qualified participants, 67 percent are women, and 64 percent are unemployed, 23 percent of which are youth. The Program is currently benefiting one of every four unemployed in the country (based on the 2018 Labor Force Survey). Moreover, about 25% have returned to their previous jobs, others have found jobs, or have remained in the program to continue training. It is expected that employment support services (jobs counseling and searching) will be increased to improve the employability support for participants. The Training Program is on track to reach its end target of 1,800 beneficiaries.

The program has further expanded its training courses from Hospitality to Construction courses, given the importance of the latter in the reconstruction process of the country. It has also included English and History and Culture courses, both relevant for the tourism sector. Training courses are being provided by SMTF in collaboration with the National Institute for Professional Advancement (NIPA) (October 2018) and the University of Sint Maarten (USM) (May 2019).

While the Program has made important progress and the funds allocated to this component (91 percent of total Grant proceeds) are expected to be almost fully disbursed by June 2020, the reconstruction of key services such as hotels and the airport are moving at a slower pace than expected -- hence affecting recovery of the economy and overall employment, thus justifying the need to continue to protect vulnerable populations from prolonged unemployment and income loss. In this context, the Government expressed its interest to extend the Training Program until the end of airport reconstruction planned for 2022, which is expected to support further recovery of the tourism sector. Additional financing will be sought from the Trust Fund by the Trust Fund Steering Committee for the purpose of extending the benefits of the Training Program. In addition, the Bank at the request of Government, would provide technical assistance to formulate a sustainable strategy for the Program.
To further strengthen the Training Program’s results and sustainability, the Bank recommends enhancing employment services to help people connect to jobs and to track participants; enhancing socio-emotional skills; and continuing to expand courses that are relevant to the labor market; i.e., computer skills and technology.

Component 2. Strengthening Institutional Capacity to Enhance the Social Protection System

This component is implemented by the NRPB with the technical lead of the Ministry of Public Health, Social Development and Labor (VSA for its acronyms in Dutch). This component was delayed ten months due to the prioritization of income support and training for un- and underemployed people under Component 1 and the difficulty of hiring a qualified project coordinator (one unsuccessful selection process). The hiring of a project coordinator in May 2019 and the constitution of a working group within VSA to support decision making and institutionalization of the social registry were key actions that were taken that should help the component moving forward. A work plan and a revised timeline adapted to current project context for the development of the social registry was elaborated and agreed with the working group and has started to show progress. Currently, the terms of reference for the design and development of the Social Registry has been completed, and a firm is expected to be hired by the first quarter of 2020. Moreover, household geo-reference mapping to support the first stage of the socio-economic needs assessment (SENA) that will populate the Social Registry is expected to take place after the national elections planned for the first quarter of 2020 and following a communications strategy to sensitize the community to collaborate with the SENA.

Component 3. Project Management

This component supports overall project management. A Project Coordinator was hired in May 2019 and the NRPB has been further strengthened with staff to support project implementation.

PROPOSED CHANGES AND RATIONALE

As discussed by the Trust Fund Steering Committee, the Government has requested a project extension of twenty-three months from June 30, 2020 to May 31, 2022. Extension is needed to complete activities for the development of the Social Registry under Component 2, which was delayed ten months due to the prioritization of income support and training for un- and underemployed people under Component 1 and the difficulty of hiring a qualified project coordinator (one unsuccessful selection process). On the other hand, by July 2020 Component 1 will be 95% disbursed and the PDO will be achieved for this component. However, as delays in airport reconstruction have slowed hotel recovery, the extension of emergency income support and training benefits and their associated cost until the end of airport reconstruction is also being considered by the Trust Fund’s Steering Committee. Implementation of Component 2 has now started after the hiring of a project coordinator, the constitution of a working group for the social registry in VSA and enhanced institutional empowerment. Progress is being achieved on an action plan and revised timeline agreed with the Government. The proposed extension will allow full achievement of the PDOs by new project closing date.

II. DETAILED CHANGES
## LOAN CLOSING DATE(S)

<table>
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<th>Ln/Cr/Tf</th>
<th>Status</th>
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<th>Revised Closing(s)</th>
<th>Proposed Closing</th>
<th>Proposed Deadline for Withdrawal Applications</th>
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<td>Effective</td>
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