



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 12-Jun-2019 | Report No: PIDC26759

**BASIC INFORMATION****A. Basic Project Data**

Country St. Lucia	Project ID P170445	Parent Project ID (if any)	Project Name St. Lucia Human Capital Resilience Project (P170445)
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date Sep 17, 2019	Estimated Board Date Dec 05, 2019	Practice Area (Lead) Education
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance, Economic Growth, Job Creation, and External Affairs	Implementing Agency Ministry of Finance, Economic Growth, Job Creation, and External Affairs	

Proposed Development Objective(s)

The objectives of the Project are to improve the labor market relevance of skills and targeting of social programs in Saint Lucia.

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

Concept Review Decision

Track I-The review did authorize the preparation to continue

B. Introduction and Context

Country Context

- Saint Lucia is a small island state and an upper-middle income country which has been challenged by relatively low levels of economic growth.** Saint Lucia has a population of 180,000 and a Gross National Income (GNI) per capita of US\$8,830 as of 2018. Gross Domestic Product (GDP) grew at a modest 1.5 percent in 2018, and public debt has remained moderately high in recent years, reaching approximately 67 percent of GDP in 2017. Following the 2008 financial crisis, Saint Lucia has struggled to regain pre-crisis growth levels. The country is politically stable and had a peaceful transition of power following national elections in 2016.
- The economy has limited diversity and is vulnerable to external shocks, natural disasters, and climate change.** 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. 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.¹ Projected climate change impacts in Saint Lucia include an increase in temperature by 0.65 to 2.2°C by 2060 which will lead to an increase in the frequency, intensity, and impacts of extreme weather events and increased sea level rises.² This is particularly harmful as economic activity (including tourism) and population centers are located along the coast. Coupled with modest economic growth, this vulnerability has strained the Government's fiscal space and has limited the ability of Saint Lucia's population to effectively adapt to climate change.
- Despite the decline in poverty rates over the past years, poverty – especially among children, youth, and female-headed households – remains high.** Based on the most recent survey data,³ the poverty level fell from 28.8 percent in 2006 to 25 percent in 2016. This decline was more pronounced in the rural areas, with a reduction in poverty levels from 41 to 32.9 percent. Child poverty rate remains comparatively high, at 34.5 percent in 2016, and the poverty rate in female-headed households is even higher, at 42.3 percent.
- While poverty levels fell, unemployment increased substantially over the same period, from 13.2 to 23.3 percent.** Female unemployment and youth unemployment increased, respectively, from 15.5 to 25.9 percent and from 31.7 to 47.4 percent from 2006 to 2016. Among the employed, 57 percent earn less than EC\$1,500

¹ Economic Commission for Latin America. Saint Lucia. Macro Socio-Economic and Environmental Assessment of the Damage and Losses Caused by Hurricane Tomas: A Geo-Environmental Disaster. Towards Resilience. Preliminary draft; 2010.

² <https://climateknowledgeportal.worldbank.org/country/st-lucia/climate-data-projections>

³ Kairi Consultants 2016. Saint Lucia National Report of Living Conditions 2016.



(US\$555) per month, while approximately 46 percent of the population is classified as not having decent work. There is a large share of employment in the informal sector, mainly in small and microbusinesses.

- 5. To address poverty, vulnerability to shocks and youth unemployment, the government of Saint Lucia is pursuing a multi-pronged strategy to support greater human capital resilience.** The strategy includes provision of more and higher-quality vocational, academic, and socio-emotional skills, particularly for youth; and social protection policies to address chronic poverty, vulnerability and productive inclusion. Education was one of six Key Results Areas under the Saint Lucia Social and Economic Labs convened by the Office of the Prime Minister from October-December 2018. The top-level objective identified by the education lab – which included participation from government and the private sector – was to increase student enrollment in secondary and post-secondary technical and vocational education and training (TVET) programs.

Sectoral and Institutional Context

- 6. 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 from the global financial crisis 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 Labour to employ foreign workers. According to the last 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 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. Skills shortages are also believed to exist in the informal sector, though no up-to-date assessment of sector needs exists. Employers also report relatively poor socio-emotional or “soft” skills, such as communication, leadership, and teamwork skills, in the local workforce.
- 7. The supply of labor market-relevant Technical and Vocational Education and Training (TVET) qualifications is limited.** 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 and the National Enrichment and Learning Programme). There is also one private skills training institution, the Centre for Adolescent Renewal and Education (CARE), and five private postsecondary institutions, which account for approximately one quarter of total enrollment. At present only 9 of 22 secondary schools on the island offer CVQs, despite the fact that 51 percent of secondary school students were tested in at least one TVET subject in the 2017 Caribbean Secondary Education Certificate (CSEC) exams, suggesting high levels of student interest in vocational fields.⁴ At the postsecondary level, only 42 percent of applications to CVQ courses are accepted due to limited capacity. Moreover, nearly all CVQ programs offered on the island are at levels 1-2 on CARICOM’s 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.

//climateknowledgeportal.worldbank.org/country/st-lucia/climate-data-projections

⁴ Kairi Consultants 2016. Saint Lucia National Report of Living Conditions 2016.



8. **A weak enabling environment has contributed to under-provision of quality, market-relevant TVET.** Saint Lucia's systems for delivering labor market-relevant programs and responding to the needs of employers and job seekers in a coherent way are underdeveloped. While there are anecdotal reports of skills shortages in key sectors such as construction, 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. The TVET Council, established by the Ministry of Education to coordinate with the private sector and authorized by CARICOM as the sole awardee of CVQs on the island, lacks the legislative mandate and sufficient resources to develop significant new partnerships with the private sector (e.g. internship programs). The TVET Council also lacks as a sufficient cadre of CVQ assessors, verifiers, and auditors to substantially increase awarding of CVQs.
9. **While Saint Lucia provides a range of social programs, the social protection service delivery system is fragmented and hampered by inefficiencies.** These inefficiencies limit the system's ability to effectively provide protection to poor and vulnerable households, facilitate promotion of human capital, and prevent adverse effects of economic and climate shocks. They include: (i) low capacity within implementing agencies; (ii) sub-optimal design of instruments for service delivery, e.g. beneficiary information, payments, referrals; and (iii) ineffective inter-institutional coordination and monitoring mechanisms. The safety net is anchored in the Public Assistance Program (PAP), an unconditional cash transfer program that provides cash support to poor households with the objective of smoothing their consumption. PAP is managed by the Ministry of Equity, Social Justice, Empowerment, Youth Development, Sports and Local Government (MOEQ), and as of May 2019, there were over 2,605 households enrolled in PAP. Given the 2016 poverty data that indicates that there were approximately 47,475 poor individuals, including about 16,800 children, in Saint Lucia in 2016,⁵ this number points to very low coverage of the poor.
10. **Some reforms to address these systemic challenges have been initiated, but a more sustained support is required to ensure that the Social Protection service delivery systems are effectively able to support the reform objectives.** These reforms include the development of a National Social Protection Policy, which was approved by Cabinet in 2015; updated proxy means test (PMT) targeting instruments (St Lucia National Eligibility Test – SL-NET) to identify poor households eligible for safety net programs, which is currently pending approval by the Cabinet; and some improvements to the two key safety net programs, Public Assistance and Koudmein Ste Lucie (KSL). MOEQ has identified priority areas for completing the ongoing SSN reform in line with the objectives of the social protection policy, including *inter-alia*, finalization of the operational processes for the reformed PAP program; application of the SL-NET; and development of an MIS and a registry that would include information on poor and vulnerable population in Saint Lucia that is currently not included in any social programs, therefore informing and supporting the implementation of key social programs, as well as other human capital reforms⁶ in Saint Lucia.

Relationship to CPF

11. **The proposed Project is consistent with the World Bank Group OECS Regional Partnership Strategy (RPS) FY2015-2019 Framework (Report No. 85156) discussed by the Board of Executive Directors on November 13, 2014 and extended through FY20 on April 30, 2018.** The RPS aims to support sustainable inclusive growth

⁵ Kairi Consultants. 2016. Saint Lucia National Report On Living Conditions, 2016.

⁶ Along with social safety net programs, the social registry is expected to support the implementation of the health insurance reform, and poverty-targeted education programs.



through three areas of engagement: (i) competitiveness, (ii) public sector modernization, and (iii) resilience. The proposed Project is the key building block for the resilience area, and in particular outcomes 6 and 7 which are related, respectively, to improved targeting and reduced fragmentation of the social protection system, and the establishment of quality education standards. In the longer term, the Project will also support outcome 9, increasing capacity to manage natural hazards including those stemming from climate change, through skills training relevant to this outcome.

12. The project will incorporate gender, climate and beneficiary feedback considerations in its design:

- **Gender:** Although poverty fell overall from 2006-2016, the poverty rate in female-headed households remains high, and female unemployment has increased. The project will analyze existing gaps, develop an appropriate action plan, and include gender-disaggregated monitoring through indicators in the results framework. For example, the project will analyze gender gaps in the access to TVET offerings to inform targeting and delivery of the program and, where possible, close gender gaps in participation. The targeting and delivery of safety nets programs will also be informed by the higher poverty rate of female headed households. As relevant, the project will also disaggregate other indicators by gender.
- **Climate change:** Climate change considerations will be incorporated in both components. Training on climate change will be provided as part of the trainer immersion program and updated TVET skills training package in Component 1 as well as incorporated into the development of the social registry to include information related to targeted population's vulnerability to climate change. Both sets of activities will improve adaptive capacity of targeted population to cope with climate change impacts.
- **Beneficiary feedback:** The project will incorporate a citizen-oriented design and include a beneficiary feedback indicator in its result framework. The design will include a survey to collect information from participants in the technical training programs, as well as a survey of employers concerning their experience with graduates from these programs. Feedback received will be incorporated into the programs as appropriate during project implementation. A PAP grievance mechanism will also be supported, and the project will track number of appeals resolved. By doing so, the project will prioritize the views of communities and civil society, along with those of private sector, to ensure adaptive learning, leading to changes that will benefit the poor and marginalized.

C. Proposed Development Objective(s)

The objectives of the Project are to improve the labor market relevance of skills and the targeting of social programs in Saint Lucia.

Key Results

13. **The following key results indicators are proposed for the Project.** The results framework will be refined during appraisal, but possible PDO indicators are as follows:
- **PDO Indicator 1:** Number of persons with labor market- relevant skills (*total and disaggregated by recipient gender, youth, and safety net program participants*)
 - "Labor market-relevant skills" 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) supplemental entrepreneurship and life skills training and climate training.
 - **PDO Indicator 2:** Percentage of PAP beneficiaries in the lowest quintile



The following are Intermediate Results Indicators (IRIs), some of which could be supported by disbursement-linked indicators (DLIs). IRI 1: TVET Enabling Environment Strengthened (*text indicator including completion of labor market needs assessment, approval of TVET Council Act, and population and integration of relevant databases*)

- IRI 2: Number of labor market-relevant TVET programs established
- IRI 3: Teachers recruited or trained (gender-disaggregated) (CRI)
- IRI 4: Students benefiting from direct interventions to enhance learning (gender-disaggregated) (CRI)
- IRI 5: Percentage of Saint Lucian households with information included in the social registry
- IRI 6: Number of appeals resolved through PAP grievance mechanism
- IRI 7: Number of beneficiaries of safety net programs (gender-disaggregated) (CRI)
- IRI 8: Number of beneficiaries of labor market programs (gender-disaggregated) (CRI)

D. Concept Description

14. The proposed Project would seek to strengthen the resilience of Saint Lucia's human capital stock by promoting more and higher quality technical and socio-emotional skills; strengthening the TVET system's capacity to respond to changing labor market conditions; integrating safety nets with skills acquisition and graduation strategies; and improving protection of the poor and vulnerable after shocks, crises and in the context of climate change impacts. The Project would be structured primarily as a results-based operation (Components 1 and 2), where Project disbursements would be made against the achievement of Disbursement Linked Indicators (DLIs). The Project will also include an investment component aiming to provide technical assistance to support critical actions required for the achievement of the DLIs, as well as support project management.

Component 1: Strengthening Technical and Vocational Education and Training (TVET) (Estimated \$9 million)

15. *Subcomponent 1.1: Improved TVET offerings.* This subcomponent will enhance the labor market-relevance of TVET offerings at secondary schools, postsecondary institutions, and skills training institutions. It will improve new and existing TVET offerings through: (i) rationalization of programs, informed by the labor market needs assessment and skills program diagnostic in Subcomponent 1.2; (ii) 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; and (iii) development of new TVET offerings - including higher-level CVQs - in sectors identified as having skills shortages in the labor market needs assessment and/or strategic priorities identified by the TVET Council. At all levels, new and existing TVET offerings will be enhanced with supplemental training modules on socio-emotional skills (including life skills and entrepreneurship skills), and on climate change as relevant to each field, to enhance the flexibility of trainees' skill sets. Gender gaps in TVET offerings will be identified during preparation and appropriate targeting activities added to the project design.

16. *Subcomponent 1.2: Strengthened enabling environment for TVET.* This subcomponent will strengthen the enabling framework to the delivery of labor market-relevant TVET. It will do so through: (i) establishing a periodic labor market needs assessment to gauge private, public, and informal sector needs for technical and non-technical (e.g. socio-emotional) skills; (ii) improving sector governance by strengthening the legislative and regulatory framework of the TVET Council, which links TVET offerings with the private sector; (iii)



increasing the stock of assessors, verifiers, and auditors needed to award increased numbers of CVQs; and (iv) improving statistical capacity and integration of information systems across Ministries engaged in labor market skills development. The activities would be designed to strengthen monitoring and evaluation in TVET and institutionalize a higher frequency of labor market needs assessments and updating of skills program offerings, both during and after the life of the Project, to ensure the system remains responsive to changing labor market conditions.

Component 2: Strengthening the Social Protection System (*Estimated \$9 million*)

17. *Subcomponent 2.1: Improved implementation of flagship social programs.* This subcomponent will support improved targeting and implementation of Saint Lucia's social programs. It will do so through: (i) the development and population of a social registry that would include information on poor and vulnerable population in Saint Lucia that is currently not included in any social programs⁷; (ii) development of the management information system that would support the use of the registry and implementation of social programs; (iii) training of welfare officers and social workers on key topics central to improved responsiveness, such as case management; and (iv) strengthened public information efforts and developed beneficiary feedback mechanism. The subcomponent would also provide additional financial support for the members of PAP beneficiary households to obtain vocational training, under component 1, to increase their employability.
18. *Subcomponent 2.2: Strengthened social protection policy.* This subcomponent will support strengthening of the social protection policies through: (i) revision of existing programs to improve their capacity to respond to shocks, disasters and climate change; (ii) development of the graduation strategy to strengthen the focus on building human capital and opening the path towards self-reliance for the poor by facilitating their access to work opportunities; (iii) establishment of clear and coherent referral protocols for beneficiaries of SP programs; and (iv) development of a monitoring and evaluation framework.

Component 3: Technical Assistance and Project Management. (*Estimated \$2 million*)

19. *Subcomponent 3.1:* This subcomponent will support engagement of consultant services to provide specific services related to key results areas of the project.
20. *Subcomponent 3.2:* This subcomponent would support project management, through the use of shared resources with other projects (exact arrangement to be determined during preparation), including: (a) monitoring and evaluation; (b) carrying out of independent audits; and (c) carrying out DLI compliance verification.

⁷ The development of social registry will incorporate climate change considerations, e.g. information related to targeted population's vulnerability to climate change (i.e type of housing). As such, by improving the delivery of social programs, it would also improve adaptive capacity of targeted population to cope with climate change impacts. As an additional adaptive measure, georeferencing would also be used in order to locate the poor quickly after a climate event.



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

Summary of Screening of Environmental and Social Risks and Impacts

The Environmental and Social Risks Classification (ESRC) for this project is moderate. From an environmental standpoint, this project is expected to have low risks impacts because there are no associated works nor any anticipated environmental impacts from the technical assistance (Component 3) nor from the other components.

This project is expected to have only positive impacts on vulnerable and systematically excluded groups - the poorest, people living in slums, women, disabled, young girls, youth at risks among others. However, potential of exclusion of vulnerable people by inefficiencies in the outreach strategies or systemic discrimination, may exist. The support to this activity will require the borrower to carry out a participatory approach and this might require further strengthening of its social communication processes, citizen engagement and beneficiary feedback mechanisms, to ensure inclusion and active participation of beneficiaries from vulnerable groups and to avoid any kind of discrimination and exclusion that might be present in the current system.

A labour Management Procedure (LMP) will also be developed as well as a Grievance Redress Mechanism for workers and to manage potential grievances related to civil works.

Note To view the Environmental and Social Risks and Impacts, please refer to the Concept Stage ESRS Document.

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