



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 08-Jul-2019 | Report No: PIDC27266



BASIC INFORMATION

A. Basic Project Data

Country Jamaica	Project ID P170497	Parent Project ID (if any)	Project Name Social Protection System Strengthening Project (P170497)
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date Nov 11, 2019	Estimated Board Date Feb 11, 2020	Practice Area (Lead) Social Protection & Jobs
Financing Instrument Investment Project Financing	Borrower(s) Jamaica	Implementing Agency Ministry of Labour and Social Security	

Proposed Development Objective(s)

The Project development objectives are to strengthen the efficiency, performance, and inclusive coverage of social protection delivery systems.

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	40.00
Total Financing	40.00
of which IBRD/IDA	40.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	40.00
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Environmental and Social Risk Classification
Moderate

Concept Review Decision
Track II-The review did authorize the preparation to continue



Other Decision (as needed)

B. Introduction and Context

Country Context

Jamaica is at an important crossroad intersecting between demographic transition and record positive macroeconomic performance, compared to recent decades. The country has a population of 2.89 million, with 22.73 percent between the ages 0-14 in 2017 (down from 32.12 percent in 2000); 67.59 percent between the ages 15-64 (up from 59.99 percent in 2000); and an elderly population, ages 65 and over, steadily increasing from 7.88 percent in 2000 to 9.68 percent in 2017.¹ The country is engaged in an intense reform program to reduce high public debt and raise historically low growth rates. The International Monetary Fund (IMF)²-supported reform effort has led to entrenched macroeconomic stability, positively aligning all key macroeconomic variables, for the first time in decades. Public debt projected at 98.7 percent of GDP in FY18/19, will fall below 100 percent of Gross Domestic Product (GDP) for the first time since FY00/01.³ GDP growth at two percent in FY18/19, is four times the average for the last two decades.

Poverty and unemployment have been decreasing in recent years, but constraints remain to reducing poverty and boosting shared prosperity. Poverty declined from 21.1 percent in 2015 to 17.1 percent in 2016 and was highly concentrated in rural areas. The poverty rate for rural areas in 2015 was 28.5 percent compared to 14.3 percent in the Kingston Metropolitan Area (KMA) and 14.7 percent in other towns. Unemployment also fell from 13 percent in July 2017 to 8.7 in October 2018,⁴ and total employment grew by 2.3 percent for 2017. Although improving the youth unemployment rate of 24.9 percent as of October 2018⁵ remains a major concern. Other categories of vulnerable groups include persons with disabilities (PwD) who account for 160,000 individuals or 5.7 percent of the population, according to the 2011 Census.

Like many of its Caribbean neighbors, Jamaica is vulnerable to natural disasters, economic and other shocks. Because of its location and geography, Jamaica is prone to several natural hazards. To illustrate, between 1993 and 2003, 26 natural disasters of varying intensity and severity resulted in total losses and damage amounting to US\$2.22 billion, or 1.5 percent of Jamaica's average annual GDP over the period.⁶ The IMF estimates that another disaster of the magnitude of Hurricane Gilbert (1988) or Ivan (2004) would significantly alter Jamaica's growth and debt trajectory. Compounding this, is the country's crime situation, with the per capita murder rate (47 per 100,000) among the highest globally, threatening the future of a generation of unattached youth and poor communities across the country.

¹ World Bank, 2018.

² The IMF program included an Extended Fund Facility (EFF) program and later replaced in 2016 by a three-year Stand-By Agreement (SBA) program, which will remain in effect until October 2019.

³ IMF. April, 2019. Jamaica, Fifth Review Under the Stand-By Arrangement - Press Release and Staff Report. Public debt was approximately 147 percent of GDP in FY 2013/14.

⁴ Statistical Institute of Jamaica. 2019.

⁵ Ibid

⁶ World Bank, 2018. Advancing Disaster Risk Finance in Jamaica



Sectoral and Institutional Context

Guided by its Social Protection (SP) strategy, Jamaica's SP system is well-established and has been a critical contributor to poverty reduction. The Jamaica's SP Strategy was approved in 2014 and includes non-contributory and contributory schemes. On the non-contributory side, the SP system includes the flagship Programme of Advancement through Health and Education (PATH) conditional cash transfer (CCT) developed in 2002, which is among the first CCTs globally. PATH provided regular bi-monthly transfers to 271,496 poor beneficiaries in FY18/19 and has facilitated improved school attendance for the poorest children at both the primary and secondary levels. The program has also improved poverty targeting, leading to increases in the PATH beneficiary households' coverage in the first quintile from 59 percent in 2006 to 64 percent in 2016. The Program has also pioneered approaches to link its beneficiaries to economic opportunities through the Steps-to-Work (StW) program and a graduation strategy to support their self-sufficiency. Other non-contributory programs include, *inter-alia*, School Feeding providing; transportation benefits for school children, and Poor Relief providing SSN support and institutional care to destitute persons. Emergency cash transfers and in-kind support to households affected by disasters have been regularly deployed through piggybacking on PATH payment delivery mechanisms; a Central Foods Warehouse (CFW); and deploying MLSS' human resources. Although recent technical assistance (TA)⁷ helped improve some processes, namely design of a new Jamaica Household Damage, Needs and Impact Assessment (JHDINA) instrument, delivery systems for emergency SP support are rudimentary and require modernization.

Social Safety Net (SSN) programs are complemented by a suite of active labor market programs (ALMPs) to facilitate labor market inclusion and employment and a contributory social insurance scheme. ALMPs include the Housing, Opportunity, Production and Employment (HOPE) training and apprenticeship program; and training programs offered by the HEART Trust National Training Agency (HEART Trust/NTA). The contributory social insurance schemes include the National Insurance Scheme (NIS) and the public sector pension scheme.⁸ In 2013, Inter-American Development Bank (IDB) estimated that 23.4 percent of individuals between 18 to 65 contributed to NIS, while 56 percent of those over the retirement age did not receive old-age pension from the NIS. The most recent actuarial review found that the scheme's investment fund would likely to become negative in 2037.⁹ To ensure the NIS' sustainability, the contribution rate was recently increased to 5.5 percent in April 2019, with a further planned increase to 6 percent by April 2020.

Despite its maturity and complementarity of interventions, Jamaica's SP system faces several hurdles to achieving poverty reduction and human capital formation. The absence of an integrated multi-program social registry remains a binding constraint to efficiency and effectiveness, as well as the system's fragmented delivery of multiple programs and services. SSNs are delivered in parallel processes, often to the same beneficiaries, increasing administrative burden and transaction costs for beneficiaries. Only a few formal referral mechanisms are in place for SSNs, limiting effective productive inclusion and case management. ALMPs also suffer from fragmented and duplicated processes including two job matching platforms and are rarely evaluated for impact. Despite efforts to provide SSN support to affected populations following disasters, the SP system is not agile nor flexible enough for an effective and timely response. Finally, the sustainability of the social security scheme remains under threat, particularly given the limited contributions by the informal sector and persistent employment challenges faced by youth and other working-aged populations.

Based on the above challenges, the proposed Project will provide financing to help Government address the binding constraints that hinder the effective and efficient delivery of SP and ALMPs, through improved service delivery systems, expanded inclusive coverage and delivery of benefits; and development of policies and strategies to improve inclusion and performance.

⁷ Strengthening Jamaica's Social Protection System for Disaster Preparedness and Response (P159232).

⁸ Private pensions also complement the NIS and public pension scheme, although it not part of the PER analysis.

⁹ Eckler Consultants and Actuaries. 2018. Actuarial Review of the National Insurance Scheme as at 2016, March 31.



Relationship to CPF

The Project is well aligned with the objectives of Jamaica's Country Partnership Strategy (CPS) Performance and Learning Review (PLR) (Report No. 112663-JM) which are deeply anchored in Jamaica's long-term national development plan, "Vision 2030 Jamaica". The objectives and areas of focus of this latest CPS remain valid up to FY19 as an extension to the CPS was approved through the Jamaica's PLR to allow for the consolidation of results. The project objectives are specifically aligned with Pillar II on Enabling Environment for Private Sector Growth through supporting a better skilled labor force, and Pillar III on Social and Climate Resilience through more efficient and responsive SP systems, and reliable transfers to smooth consumption and build human capital of the poor.

C. Proposed Development Objective(s)

The Project development objectives are to strengthen the efficiency, performance, and inclusive coverage of social protection¹⁰ delivery systems.

Key Results (From PCN)

The proposed PDO indicators are:

- Increase in the share of poor households enrolled in PATH
- Number of programs using the social registry
- ALMP Policy approved by Cabinet

In the context of this Project, delivery systems facilitate administration and implementation of programs and services. For SSNs, delivery systems refer to the development and use social registry information systems to reduce overlapping and duplicative administrative processes.

D. Concept Description

The proposed Project seeks to strengthen Jamaica's SP system by addressing critical performance constraints to ensure the effective and responsive delivery of SP programs and services; supporting regular PATH transfers to the poor; and supporting policy and strategy development for a more inclusive SP system. The Project design is based on initial findings from recent assessments and a Public Expenditure Review (PER) currently underway.¹¹ The project anticipates the inclusion of three Components.

Component 1: Social Safety Net (SSN) Delivery Systems: The objectives of this component are to support improvements in the Jamaica's SSN delivery systems for regular safety net transfers as well as post-disaster support to households.

Component 2: Policies and Strategies for Inclusive and Effective Social Protection: This component's objectives are to support policy and strategy development and analytical studies and assessments to inform more inclusive SP programs and policies.

¹⁰ Social Protection is defined as systems, policies, and programs that help individuals and societies manage risk and volatility; and protect them from poverty and destitution. For this Project, activities and financing will be centered on the social safety net delivery systems, with technical assistance financing for ALMPs and social insurance.

¹¹ Jamaica SSN delivery systems and productive inclusion NLTA (P168451); Social Protection Public Expenditure Review (ongoing); and Strengthening Jamaica's Social Protection System for Disaster Preparedness and Response-RSRTF (P159232) (closed December 2017).



Component 3: Inclusive Safety Net Coverage: This component will support more inclusive coverage of the PATH program.

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 proposed Project seeks to strengthen Jamaica’s SP system by addressing critical performance constraints to ensure the effective and responsive delivery of SP programs and services; supporting regular PATH transfers to the poor; and supporting policy and strategy development for a more inclusive SP system.

The expected environmental risk of the proposed project is not significant. However, the implementing agency needs to address the e- waste in an appropriate manner. Considering the issue of e-waste management and monitoring requirement, the environmental risk associated with the project is estimated to be ‘moderate’.

The Social Risk Rating is Moderate. This is because the project’s target beneficiaries are mostly from poor and/or vulnerable households. The project will take pro-active measures to expand its reach (e.g. in remote rural areas, some challenging urban environments). As a result, some social analysis will be undertaken to enhance targeting and a SEP will be prepared with attention to accessibility of the GRM.

The project will not finance physical works and thus there will be no land acquisition and or economic displacement impacts as result of land take or restriction to land. The project does not involve activities that have a high potential for harming people. The potential risks on human populations are predictable and expected to be reversible; and low in magnitude. There is a low probability of serious adverse effects and the risks and impacts can be easily mitigated in a predictable manner.

The Borrower as part of the project preparation will carry out an Environmental and Social assessment. The ESA will comprise of a rapid assessment to identify factors hindering reaching hard-to-reach groups and other special risk groups in poor households. The Implementation and Completions Results Report from a previous Social Protection Project (P105024) and recent assessment of coverage gaps in January 2019 highlighted to need to improve coverage of poor households including those with children, elderly and persons with disabilities, as well as the importance of strengthening monitoring and evaluation at various intake points.

ESA will include the include an inventory of electronic equipment to be replaced, measures for appropriate final disposal and written record of inventory and disposal. The implementing agency will adopt the e-waste management guidelines in project operational manual and will monitor the e-waste management issue throughout the project cycle.

The Project is expected to have a significant positive social outcome as it will finance systems strengthening to improve effectiveness and efficiency of Social Safety Net (SSN) programs, as well as support overarching policies and strategies to make Social Protection (SP) more inclusive. The project is expected to contribute to sustained impact on human capital



built among the poor, vulnerable and at-risk populations. The improved delivery systems and coordination in the medium to long-term are expected to result in sustained efficiency gains in administrative costs as well as improved effectiveness through reduced leakages and duplication.

The borrower will submit a Stakeholder Engagement Plan (SEP), including a Grievance Redress Mechanism (GRM). The SEP will be prepared in a manner that is accessible and culturally appropriate, considering measures to ensure that access and inclusion of any vulnerable and hard-to-reach groups during the Project. In addition, the borrower will submit a Labor Management Procedure (LMP).

An Environmental and Social Commitment Plan will be agreed with the Bank and containing the measures and actions to ensure compliance with the Environmental and Social Standards (ESSs).

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

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APPROVAL

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