Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 25-Sep-2023 | Report No: PIDA36185

BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Project Name	Parent Project ID (if any)
Dominican Republic	P180302	Support for the Implementation of the Public Administration Reform and Modernization Plan	
Region	Estimated Appraisal Date	Estimated Board Date	Practice Area (Lead)
LATIN AMERICA AND CARIBBEAN	27-Sep-2023	28-Nov-2023	Governance
Financing Instrument	Borrower(s)	Implementing Agency	
Investment Project Financing	Dominican Republic	Ministry of Public Administration (MAP)	

Proposed Development Objective(s)

The project development objective (PDO) is to improve the efficiency, accessibility, and responsiveness of selected administrative services for citizens and businesses.

Components

Enabling environment for administrative services
Transparency and improved coordination across agencies
Modernization and innovation in service delivery
Capacity building and project management

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

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.   **The Dominican Republic (DR)'s economy has grown rapidly in the last decade, but it remains vulnerable to economic shocks.** Between 2013 and 2019 DR's economy grew at an annual average rate of over five percent, ranking as the third most dynamic economy in Latin America and the Caribbean (LAC). However, growth was primarily driven by capital accumulation and remittances, accounting for 11.3 percent of Gross Domestic Product (GDP), rather than productivity gains and institutional development. The COVID-19 pandemic led to a contraction in GDP per capita of 7.5 percent in 2020, the biggest drop experienced in thirty years. Increased pressure on public finances limited space for long-term post-crisis economic recovery and macroeconomic stability. A decline in tax revenue and increase in public expenditure led to a Central Government deficit of 7.6 percent of GDP in 2020 and consolidated public debt grew to 70.3 percent of GDP.

2.   **Growth is expected to decelerate from 4.9 percent in 2022 to 3.1 percent in 2023 as domestic investment and consumption remain weak, and high input costs impact manufacturing and construction.** On the sectoral side, industry and construction contracted, affected by elevated borrowing costs and high input prices, while the hotels, bars, and restaurants sector expanded by 14.2 percent in 2023Q1, cushioning the economic slowdown. In fact, the country recorded 4.5 million arrivals, with a year-on-year growth of 15.9 percent in the first semester of 2023 (2023S1). Remittances grew 3.3 percent in 2023S1, showing a stabilization of inflows above pre-pandemic figures. As a result, the 2023Q1 current account deficit (CAD) narrowed to 2.8 percent of GDP, down from 4.5 percent of GDP in 2022Q1, financed by robust FDI and increased long-term capital inflows. Reserves rose to 13.2 percent of GDP by June 2023, up from 12.7 percent of GDP in 2022.

3.   **The National Strategy for Development 2030 (NSD) seeks to achieve high-income status by 2030 through structural reforms supporting increased productivity, including investment in innovation, economic clusters, and improved public services that will address social and territorial inequality and poverty.** The National Multi-Year Public Sector Plan 2020-24 (*Plan Nacional Plurianual del Sector Público*, NPSP) endorses the NSD, defines cross-cutting themes (gender, territory, participation, sustainability, transparency and accountability, affirmative actions for vulnerable groups, and digital transformation) and identifies 33 government priorities. These priorities include public administration reforms encompassing state modernization, digital transformation, combatting corruption, and territorial and municipal development.

Sectoral and Institutional Context

4.   **DR's public administration is characterized by fragmentation, a bureaucratic culture, and a weak performance orientation.** The central government comprises 24 ministries with over 300 dependent agencies. These institutions tend to operate in silos, putting in place programs, regulations, and business processes without considering the requirements of other government agencies. Overlapping mandates and weak information systems hinder policy coordination across institutions at the center of government. Law 41 of 2008 empowered the Ministry of Public Administration (*Ministerio de Administración Pública*, MAP) to regulate institutional mandates and administration practices, established a merit-based career public service, and provided for a Public Administration Monitoring System (*Sistema de Monitoreo de la Administración Pública,* SISMAP). However, MAP has made limited progress in rationalizing the public administration and harmonizing practices. Between 2012-19 DR scored slightly below the LAC average on the Inter-American Development Bank's Civil Service Development Index, largely on account of inadequate workforce planning, limited management capacity, and the high proportion of politically appointed officials in senior positions.

5.   **DR is one of the most centralized administrations in LAC: local governments have limited functional mandates, resources, and capacity.** DR's subnational administration comprises 31 provinces and one national district, which in turn are subdivided into 158 municipalities and further sub-divided into 235 municipal districts. The number of municipalities has increased in recent years through the elevation of municipal districts to municipalities and municipal separations. Almost 60 percent of the municipalities and municipal districts have less than 10,000 inhabitants. This level of fragmentation hinders the efficient provision of services and the development of management capacity. Local governments are responsible for only minor administrative services such as low risk environmental certificates. Most administrative services can only be accessed through institutions based in Santo Domingo. This significantly increases transaction costs for 68 percent of the population living outside of the capital.

6.   **The total number of administrative services — encompassing identification, licenses, permits, and access to entitlements of physical services — in DR is unknown.** There are at least five different catalogs or registers of administrative services in which the total number of services is over 1,500. While the Constitution requires public consultation prior to the approval of subordinate regulations, an OECD survey of DR's Regulatory Impact Assessment practices concludes that stakeholder engagement is not systematic and rarely informs regulation. Consequently, service users have little voice in the design, implementation, and monitoring of administrative services. Many services are unnecessarily complicated, and most require manual and in person processing. This imposes significant costs on citizens and businesses in terms of time dealing with bureaucracy, travel costs and operating delays. A 2019 study covering 1,873 administrative services provided by 43 public institutions estimated that it takes an average of 37 days to complete an administrative service and involves an average of ten public servants. Administrative processes are particularly burdensome in sixteen institutions—including the Ministries of Health and Education—that impact large segments of the population.

7.   **Most Dominicans access the internet using smart phones but there is significant variation in access across income groups.** Notwithstanding the elevated levels of mobile penetration in the country, there are two significant constraints to the expansion of digital services for low-income and vulnerable groups. First, broadband access is expensive: DR ranked 34th out of 65 countries for fixed broadband affordability and 42nd for mobile broadband affordability, below the OECD average in both cases, and so most smartphone users have basic packages with limited data. Second, most of the population has limited digital skills: ENHOGAR 2022 reveals that only 30 percent of the population has basic digital skills and dropping to just 5 percent among the low- and very low-income population.

8.   **Some public institutions have developed service centers and one-stop-shops where users can seek assistance in completing administrative processes, but these solutions offer a limited range of services.** In 2012, the ICT Government Office (*Oficina Gubernamental de Tecnologías de Información y Comunicación*, OGTIC) established the first

Citizen Service Center (*Centro de Atención al Ciudadano*, commonly referred to as *Punto GOB*). Puntos GOB sought to bring together various administrative service providers in a single location as a service "supermarket". There are now three Puntos GOB, all of them in Santo Domingo, which have proved very successful. From August 2020 to March 2022 Puntos GOB served 685,334 citizens (female and male citizens in equal proportion) accessing 2,388,120 administrative services. Over 95 percent of users expressed satisfaction with the services provided. However, Puntos GOB offer just 65 services and these services are not integrated. This lack of integration poses a significant challenge to the expansion in the range of services and geographical coverage.

9.   **The Government's 2021 Public Administration Reform and Modernization Plan (*Plan General de Reforma y Modernización de la Administración Pública)* seeks to strengthen institutional capacity for the design and implementation of public policies, increase the efficiency and improve the quality of public services, thereby enhancing trust and bridging the gap between citizens and institutions.** The proposed reform is ambitious, notably so for its whole-of-government and client-oriented approach, both of which will require significant changes in organizational culture. The Government intends to rationalize its administrative structure to clarify mandates, eliminate duplication of functions, strengthen whole-of-government coordination, and promote the integration and shared use of information systems. These institutional reforms will help simplify, streamline, and modernize business processes and be more responsive to citizens' needs. Government agencies will engage with and empower citizens and businesses through the co-creation of service components and design of delivery modalities. Client consultation and user feedback will help monitor and improve performance. This requires a significant change in organizational culture from a rule-bound bureaucracy, characterized by protected information, administrative silos, and low accountability to citizens, to a culture that is users-responsive, transparent, evidence-based, problem-solving, and collaborative.

10.   **The Digital Agenda 2030 complements the Public Administration Modernization Reform Plan, laying out a strategy for the development of a whole-of-government foundational technology that will enable the delivery of faster, integrated, and more secure digital services.** Decree 71-21 created the Digital Transformation Cabinet (*Gabinete de Transformación Digital*), which coordinates work across government. The Ministry of the Presidency, through the National Cybersecurity Center (*Centro Nacional de Ciberseguridad, CNCS*) and General Directorate of Government Ethics and Integrity (*Dirección General de Ética e Integridad Gubernamental, DIGEIG*), will lead economy-wide Digital Agenda commitments such as regulations to expand the legal framework for the protection of personal data and efforts to improve cybersecurity capability. OGTIC, operating as a semiautonomous institution under the MAP, supports the Ministry of the Presidency (through the Vice Ministry for the Digital Agenda, *Vice Ministerio de la Agenda Digital*) in coordinating the Digital Transformation Cabinet, providing technical assistance on the technological components of Digital Agenda projects. This includes the Digital Agenda Action Plan's 2021-2024 ambitious target of 90 percent of institutions having their services online by 2024.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

The project development objective (PDO) is to improve the efficiency, accessibility, and responsiveness of selected administrative services for citizens and businesses.

Key Results

   a)   **Efficiency:** Selected central government administrative services with reduced resolution times (number)

   b)   **Accessability:** Users of government digital services (percentage)

c) **Responsiveness:** Digital services reengineered using evidence from Service Delivery Innovation Labs (number)
     a. Of which are specifically targeted to, and consider, women's specific needs (number)
     b. Of which are specifically targeted to, and consider, vulnerable groups' specific needs (number)

D. Project Description

11.   **The project will support the implementation of reforms to the delivery of administrative services for citizens and businesses.** The project will develop and strengthen foundational elements for modern and efficient administrative services to guarantee interoperability, transparency, and a focus on the needs of businesses and citizens. It will do so by setting common standards for the delivery of services by Government agencies, defining data registry requirements across public organizations, simplifying procedures, and promoting the use of digital government solutions.

12.   **Component 1. Enabling environment for administrative services:** Activities include: (i) preparation of a Service Delivery Strategy for selected services and implementation roadmap that integrates all on-going initiatives into a single policy instrument, including public service standards, quality management mechanism, and citizen engagement model for improving services; (ii) development of a Single Services Registry; (iii) design and implementation of a standardized methodology for sector functional reviews to identify and unlock bottlenecks, assess proposed reforms, and strengthen policy alignment and efficiency of functional structures for service delivery, including through a gender specific lens; (iv) review and adaptation of the technical and regulatory framework for the delivery of administrative services, working together with relevant institutions to issue guidelines and standards for the Service Delivery Strategy in areas such as data center and cloud use in public sector, and cybersecurity for the digital government ecosystem, (v) definition and implementation of Green and climate resilient ICT approaches for sustainable digital government; (vi) review and update of the ID authentication mechanism for public administrative services and expansion of the use of the digital signature, with a focus on its expansion to female population; and (vii) strengthen and support the implementation of a whole-of-government administrative services business continuity plan/disaster recovery plan for emergencies and climate-induced shocks.

13.   **Component 2. Coordination and interoperability:** Activities include: (i) update and strengthen the government Enterprise Architecture (EA) framework, the interoperability platform and standards for its deployment; (ii) apply a holistic Data Management Model, implementation roadmap, and tools to analyze usage and performance of services and delivery channels, including user feedback; (iii) review and update reusable software components based on open standards as ICT building blocks to accelerate the deployment of digital services, reduce unnecessary duplication of solutions and provide a seamless service delivery experience; (iv) strengthen the Public Administration Reform and Modernization Observatory to measure the access, use, and satisfaction of public administrative services by users; and (v) establish the State administrative management architecture and support the implementation of cross-cutting integrated solutions for government resource planning.

14.   **Component 3. Modernization and innovation in service delivery:** Activities include: (i) development and implementation of regulatory initiatives that encourage citizen engagement to improve public management and service delivery; (ii) design and establishment of Service Delivery Innovation Labs where public officials collaborate with users and other stakeholders to reimagine and simplify service journeys and modeling services by categories; (iii) introduction of a simplified agile approach to service digitization, using category patterns and building blocks to standardize services; (iv) consolidation of the unified citizen portal (Gob.do), including the improvement of its technological infrastructure and the deployment of secure authentication, a citizen's folder, and a user feedback mechanism; (v) design and implementation of a service channel assessment and an omnichannel service delivery plan that includes low-cost face-to-face solutions located in vulnerable or remote areas to foster inclusion.

15.   **Component 4. Capacity building and project management:** This component includes the design and implementation of communications, change management, and capacity building strategies and programs; and provision of tools and resources for project administration, environment and social risk management, monitoring and evaluation (M&E), and audit.

16.

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

17.   **The environmental risk rating for the project is considered moderate.** Project activities are not expected to generate adverse significant environmental risks and impacts. The project is focused on supporting the country's implementation of the Government's Public Administration Modernization Reform, as such it will support the technical, institutional, legal, and regulatory capacities to improve efficiency and access to selected administrative services for citizens and businesses. The project will finance the procurement and installation of hardware such as IT equipment to support government systems and platforms. The project will not finance any type of civil works (new infrastructure or retrofitting works). Key environmental risks and impacts are related to the potential generation electronic waste (e-waste) in case of the replacement of old electronics and occupational health and safety hazards for the workforce. Possible negative impacts are expected to be minor, site-specific, temporary and fully reversible.

18.   **The social risk rating for the project is considered moderate**. The project will fund the hiring of fieldwork staff and supervisors, experts, and consultants to implement low-risk activities related to capacity building. Social risks identified include: (1) MAP's limited experience to effectively manage citizen engagement and consultations with multiple civil, private and public stakeholders, and inclusion of interested parties, in particular vulnerable groups, in project activities. Mitigation measures are described in the draft Stakeholder Engagement Plan (SEP) and the project design itself, taking the needs of vulnerable groups into account in the design of digital skills training opportunities and by rolling out a communication strategy for these groups to access training opportunities. (2) The improvement of digital services could lead to limiting access to public services for groups of population without access to Internet, however, the project design is based on omnichannel approach[1]. Furthermore, there is an increase of demand for public administrative services by migrants (mainly Haitian and Venezuelan) and there is a risk that they may be (self) excluded out of fear of reprisals due to their migratory condition. Hence, organizations representing migrant interests were identified and consulted during project preparation and will be consulted throughout the life of the project to guarantee that these groups will not be excluded. (3) Project activities involve the improvement of existing data management platforms and require information security controls and protocols for the protection and controlled access and sharing with third parties of personal data are in place. Project design includes amongst others the development and implementation of cybersecurity standards for the digital government ecosystems. (4) Resistance from some stakeholders to aspects of digitalization (due to lack of familiarity or loss of control and gatekeeper opportunities); this will be addressed by building

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[1] Omnichannel is a customer-centric approach in which all channels are integrated so the customer has a unified and consistent experience whether they are at a physical store, using an app, or on a website.

collaborative partnerships, supporting change management skills and active engagement of citizens and businesses in the design of administrative services and delivery channels and feedback mechanisms.

19.   **Environmental and Social Standards (ESS)1, 2, 3, 4, and 10 are relevant to the project.** As set out in the Environmental and Social Commitment Plan (ESCP), the Borrower will develop, disclose, adopt, and implement Labor Management Procedures (LMP), a stand-alone E-waste Management Plan (EWMP), and an Environmental and Social (E&S) Training Plan no later than ninety days of the Project Effective date; within this same timeframe, the Borrower will also update, disclose, adopt, and implement the SEP. The PIU will have a full-time dedicated Environmental and Social specialist to ensure adequate management of E&S risks, implementation, monitoring and reporting on the project's E&S instruments meeting the requirement set out in the ESCP.

E. Implementation

Institutional and Implementation Arrangements

20.   **The MAP will be the project implementing agency,** providing overall day-to-day leadership and coordination for project activities**.** The Ministry is mandated to lead cross governmental public administration reforms and regulate administrative services across the public sector. A project Implementation Unit (PIU) will be established to provide administrative support to project activities. The PIU will: prepare annual Procurement and Implementation Plans; ensure compliance with World Bank financial management, procurement regulations, and environmental and social requirements; oversee technical inputs from all institutions involved in the project; liaise with the World Bank and monitor and report on project progress.

21.   **The Inter-Ministerial Committee for Reform and Modernization of the Public Sector (*Comisión de Reforma y Modernización de la Administración Pública,* CRMAP), chaired by the Minister of Public Administration and with the Minister of the Presidency as a member, will serve as the project's steering committee.** The CRMAP will oversee and guide project implementation; approve workplans; ensure that adequate provisions for the project are made in the national budget; resolve inter-agency coordination issues; and assist in building support for and overcoming resistance to reforms. Any changes to the project governance arrangements required during project implementation will be reflected in the Project Operational Manual (POM).

CONTACT POINT

World Bank

Josef S. Trommer
Senior Operations Officer

Francesca Recanatini
Lead Economist

Borrower/Client/Recipient

Dominican Republic
María José Martínez

Vice Minister of Public Credit
mmartinez@creditopublico.gov.do

Implementing Agencies

Ministry of Public Administration (MAP)
Jose Oviedo
Executive Director of the Public Administration Reform
jose.oviedo@map.gob.do

FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: http://www.worldbank.org/projects

APPROVAL

Task Team Leader(s):	Josef S. Trommer Francesca Recanatini	

Approved By

Practice Manager/Manager:		
Country Director:	Joelle Beatrice Dehasse	26-Sep-2023