

**PROJECT INFORMATION DOCUMENT (PID)  
APPRAISAL STAGE**

Report No.: PIDA7531

<b>Project Name</b>	INTEGRATED SOCIAL PROTECTION AND PROMOTION PROJECT (P147213)
<b>Region</b>	LATIN AMERICA AND CARIBBEAN
<b>Country</b>	Dominican Republic
<b>Sector(s)</b>	Other social services (80%), Public administration- Other social services (20%)
<b>Theme(s)</b>	Other social protection and risk management (40%), Social safety nets (40%), Urban services and housing for the poor (20%)
<b>Lending Instrument</b>	Investment Project Financing
<b>Project ID</b>	P147213
<b>Borrower(s)</b>	Ministry of Economy, Development and Planning
<b>Implementing Agency</b>	Social Cabinet
<b>Environmental Category</b>	C-Not Required
<b>Date PID Prepared/Updated</b>	08-Jul-2014
<b>Date PID Approved/Disclosed</b>	09-Jul-2014
<b>Estimated Date of Appraisal Completion</b>	11-Jul-2014
<b>Estimated Date of Board Approval</b>	12-Nov-2014
<b>Decision</b>	

## I. Project Context

### Country Context

Over the last 20 years, the Dominican Republic (DR) has experienced high growth— 5.8 percent per year between 1991 and 2012, but this growth has been far from inclusive. Poverty soared from 32 percent in 2000 to almost 50 percent in 2004 following a severe banking and macroeconomic crisis, before declining gradually to 40 percent by 2011 (above the Latin America and the Caribbean Region–LCR- average of 30 percent). Extreme poverty, which began the decade below 9 percent, rose to 15 percent in 2005 before declining to 9.5 percent in 2011—and remains above the LCR 2012 average of 4.3 percent. While as a region LCR crossed an historical threshold in 2011, when for the first time the middle class exceeded the poor in numbers, in the DR the poor still outnumber the middle class by more than 10 percentage points (World Bank, 2013 Economic Mobility and the Rise of the Middle Class). Furthermore, the Human Development Map (Human Development Report, 2013) and the Second Survey of the Single Beneficiary Selection System (SIUBEN 2) have highlighted strong disparities in terms of poverty levels and unmet basic needs, both between and within the provinces. For instance, 46 percent of the population in Elías Pina is considered extremely poor, as opposed to 3.5 percent in Monseñor Nouel.

There are important income and gender disparities in terms of human capital and employment outcomes in the DR: Only 41 percent of children 3-5 years in the poorest quintile attend pre-primary school, compared to 62 percent in the richest, while only 48 percent of poor adolescents 14-18 years attend secondary school, as opposed to 62 percent of the wealthiest. The poor are also more heavily represented in the informal sector. Seventy-five percent of employed individuals in the poorest quintile work in the informal sector, compared to 46 percent in the richest (Employment Survey, 2012). In terms of gender, more girls than boys complete primary school, and the female-male enrolment ratios are high (1.13 in secondary and 1.59 in tertiary education). However, in other areas, gender-based inequalities tend to disadvantage women more than men. Women in the DR suffer from exceptionally high maternal mortality and adolescent fertility rates by LCR and Upper Middle Income Country (UMIC) standards. Furthermore, female headed households (FHH) are more likely to be poor: 52.4 percent of rural FHH and 48.4 percent of urban FHH were categorized as poor in 2010, versus 37.8 percent in rural areas and 29.6 percent in urban areas for male headed households.

### **Sectoral and institutional Context**

The DR has made significant advances in the gradual establishment of a social protection system in the last ten years, especially in the area of social assistance. First, it seized the momentum of the 2008 food, fuel, and financial (FFF) crisis to reform the CCT Solidaridad program (now known as Progresando con Solidaridad – PROSOLI) and make it truly conditional by linking transfers with the fulfillment and adequate verification of education and health responsibilities, thus enabling human capital accumulation for the poorest citizens. Together with an increase in labor income fueled by economic growth, these advances have contributed to a decline in poverty rates following the 2003-2004 banking crisis and likely helped avoid further declines into poverty following the FFF crisis. The World Bank 2014 Equity Assessment noted that “while monetary labor outcomes have been the most important factor behind poverty reduction between 2004 and 2011, non-labor income, more likely public transfers, also boosted family incomes” and that this was “probably explained by the implementation and expansion of the CCT Solidaridad.” It is also noteworthy that an IADB impact evaluation of the CCT Program showed that CCT households were positively associated with less risk of catastrophic expenditures in health, increased height-for-age of children older than 3 years of age, less risk of adolescent pregnancy, and less risk of repeating grades in secondary school. Second, the DR has institutionalized a transparent targeting system, the Single Beneficiary Selection System (SIUBEN), which classifies households into poverty levels based on geographic and household data and is used to target the CCT Program, subsidized health insurance (SENASA), as well as fuel and electricity subsidies. The DR Government (GoDR) has recently updated the initial SIUBEN (SIUBEN 1) survey of 1.2 million households carried out in 2004, to SIUBEN 2, which was launched in September 2013 and covers 1.8 million households (55 percent of the population).

However, there are persisting challenges to be addressed if the DR social safety net is to help achieve the presidential goal of lifting 400,000 households out of extreme-poverty and reducing overall poverty.

- PROSOLI coverage of extremely poor households should be further improved. A recent review of the SIUBEN and PROSOLI data bases suggests that approximately 21,000 extremely poor households (of which 17,000 female-headed) who live in the 14 poorest provinces of the

country are eligible for the CCT PROSOLI Food Component (Comer Es Primero), but are yet to be included in the Program. These coverage gaps are partially explained by a persistent number of poor Dominican citizens without proper documentation, although progress has been made to bridge this gap through the current World Bank Social Protection Loan. Other factors include financing gaps and lack of special attention required to capture hard-to-reach households in recent years, a challenge faced by other mature CCT programs in the region (Brazil Bolsa Familia). The latest CCT impact evaluation suggests that higher coverage would improve income consumption, help satisfy basic needs, and generate significant human capital gains.

- PROSOLI needs to tailor service provision to different levels of poverty- moderate or extreme: Moderate poor CCT users may have improved basic living conditions, and may have even met program education and health requirements to graduate out of the CCT, but may remain vulnerable to poverty and require a package of opportunities that can allow them to exit poverty on a sustainable basis. Extremely poor CCT users, on the other hand, may continue to face challenges in terms of access, and use of health and education services, while face additional needs in terms of basic service provision, such as clean water and housing. At the same-time, all need to be connected to skills-enhancing opportunities and income-generating opportunities.

- Unmet housing needs are a particular case in point. Within the fourteen provinces with at least 20 percent of households living in extreme-poverty, 27 percent of respondents were found to suffer from overcrowding conditions and 32 percent required improvements in housing walls. In those same provinces, about 27,803 households still live in housing with inadequate floors (28.8 percent dirt floors), which is one of the primary indicators of precarious housing conditions and can have serious consequences on health, mainly for children (see economic analysis section).

However, the Government's Public Housing Entity does not select beneficiaries based on the SIUBEN and currently fails to reach extremely poor CCT users.

- To better tackle the extreme-poverty agenda, PROSOLI needs to innovate and build on its regional operating structure to respond more effectively to the regional disparities described earlier through an integrated area-based service delivery approach that would focus on those provinces with highest levels of poverty and deficiencies in terms of basic service provision. This would follow the good practice by other CCT Programs in the region that are delivering standard human capital promotion while effectively linking CCT users to other opportunities (Brazil Sem Miséria approach, Colombia Unidos).

- The implementation of such an integrated area-based service delivery strategy will require adjustments in both the supply and demand side of the CCT Program, strengthening operative processes and increasing the capacity of existing Regional CCT structures (Annex 7), as well as users' involvement and feedback loops. The DR can certainly capitalize on recent innovations in this regard. Piloted under the current Social protection operation, the CCT Community Scorecards Mechanism (Reportes Comunitarios) provides a mechanism for participatory monitoring, user feedback, and problem resolution on the CCT Program and the quality of associated services (health, education, payment mechanism). Furthermore, the Government recently created one-stop direct service points or Puntos Solidarios, which also serve as grievance redress mechanisms for PROSOLI beneficiaries. CCT users are able to receive consultations, make service requests, and file grievances regarding the PROSOLI program, ADESS, and SIUBEN. The Punto Solidario services are offered both in existing Punto Solidario offices and online.

- At a more systemic level, and in a context of fiscal restrictions in social spending, continued support will also be needed to consolidate advances in targeting, efficiency of pro-poor social spending, and results-oriented management. The CCT coverage gaps described earlier raise the broader need of improving the targeting accuracy of the SIUBEN instrument. Since the finalization of the SIUBEN 2 survey at the end of 2013, the SIUBEN has embarked in the process

of updating its Life Quality Index (ICV 2013) to better capture the profiles of poverty and improve accuracy in the classification of households that are eligible for social programs. By the end of the year, the SIUBEN expects to finish the current validation process of the ICV 2013 and subsequent application to the database, and therefore start identifying the implications for new entries to, and exits from, social programs.

## II. Proposed Development Objectives

The proposed PDO is to improve access of poor Dominican citizens to an integrated package of social protection and promotion opportunities in selected provinces.

In the context of this Project, “promotion” broadly refers to a set of services and opportunities that contribute to increase the human capital of the poor and their livelihood opportunities, including: bridging CCT coverage gaps to increase investments in health and education, enhancing CCT users’ employability and/or access to self-employment/small entrepreneurship programs, and/or providing eligible CCT users with basic housing improvements.

## III. Project Description

### Component Name

Component 1. Integrated Area-Based Social Protection and Pro-poor Service Delivery

### Comments (optional)

### Component Name

Component 2. Strengthening PROSOLI and Support to Targeted Households

### Comments (optional)

### Component Name

Component 3. Enhancing Equity, Results-orientation

### Comments (optional)

## IV. Financing (*in USD Million*)

Total Project Cost:	70.00	Total Bank Financing:	70.00
Financing Gap:	0.00		
<b>For Loans/Credits/Others</b>			<b>Amount</b>
Borrower			0.00
International Bank for Reconstruction and Development			70.00
Total			70.00

## V. Implementation

The Social Cabinet would be responsible for coordination and execution of the proposed Project, through its Projects Technical Unit or Unidad Técnica de Proyectos (hereby referred to as UTP). The Social Cabinet is the institutional entity that coordinates, manages, administers, and executes social protection programs in the country. It includes, among others, the Executive Technical

Department (ETD), the PROSOLI, SIUBEN, and the Administrator for Social Subsidies-ADESS -- departments. The Vice-President provides oversight. The UTP sits in the Executive Technical Department and is responsible for managing fiduciary tasks, including procurement, financial management and disbursements, of all external loans and grants that are under the oversight of the ETD.

The UTP has administered the current WBG project for the past five years, as well as managing other externally-financed projects, and its' fiduciary capacity has been found adequate to manage the proposed operation. The unit is well-staffed, with a Coordinator, and Technical, Procurement, and Financial Management teams. However, given the territorial approach of the proposed Project and the existing workload of the UTP, the unit will be strengthened including the hire of additional technical and fiduciary staff.

The proposed Project would consist of three components with sub-components. Sub-component 1.1 will use an output-based aid (OBA) disbursement mechanism. The remaining subcomponents will follow standard disbursement mechanisms. For the OBA subcomponent, PROSOLI is responsible for achieving targets, and achievement will be verified by an independent firm contracted for that purpose. For subcomponent 1.2, housing improvements will be made through the contracting of NGOs and private firms. Subcomponent 1.3, increasing access of CCT users to productive opportunities, will involve the participation of INFOTEP and private training providers (COS), although the overall responsibility for the implementation of sub-component 1.3 lies with the Social Cabinet.

## VI. Safeguard Policies (including public consultation)

<b>Safeguard Policies Triggered by the Project</b>	<b>Yes</b>	<b>No</b>
Environmental Assessment OP/BP 4.01		<b>x</b>
Natural Habitats OP/BP 4.04		<b>x</b>
Forests OP/BP 4.36		<b>x</b>
Pest Management OP 4.09		<b>x</b>
Physical Cultural Resources OP/BP 4.11		<b>x</b>
Indigenous Peoples OP/BP 4.10		<b>x</b>
Involuntary Resettlement OP/BP 4.12		<b>x</b>
Safety of Dams OP/BP 4.37		<b>x</b>
Projects on International Waterways OP/BP 7.50		<b>x</b>
Projects in Disputed Areas OP/BP 7.60		<b>x</b>

**Comments (optional)**

## VII. Contact point

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