



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 01-May-2020 | Report No: PIDA29201

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

Country Bolivia	Project ID P173984	Project Name COVID-19 Crisis Emergency Social Safety Nets Project	Parent Project ID (if any)
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date 28-Apr-2020	Estimated Board Date 14-May-2020	Practice Area (Lead) Social Protection & Jobs
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Development Planning	Implementing Agency Ministry of Economy and Public Finance	

Proposed Development Objective(s)

The objective of the Project is to provide temporary economic support to poor and vulnerable households impacted by the COVID-19 pandemic

Components

1. Temporary cash transfers to vulnerable households
2. Support the transitory expansion of the safety net to informal workers
3. Support the payment system of cash transfers during the COVID-19 emergency and the implementing arrangements of the project

The processing of this project is applying the policy requirements exceptions for situations of urgent need of assistance or capacity constraints that are outlined in OP 10.00, paragraph 12.

Yes

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	254.30
Total Financing	254.30
of which IBRD/IDA	254.30
Financing Gap	0.00

DETAILS



World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	200.00
International Development Association (IDA)	54.30
IDA Credit	54.30

Environmental and Social Risk Classification

Moderate

Decision

The review did authorize the team to appraise and negotiate



B. Introduction and Context

Country Context

1. **Bolivia made remarkable economic and social progress during the last commodity boom.** Boosted by gas and mining exports and public investment, economic growth averaged 4.9 percent between 2004 and 2016. This improvement was especially pronounced for the bottom 40 percent of the population. Between 2002 and 2014, the national poverty rate declined from 63 percent to 39 percent and extreme poverty fell from 39 percent to 17 percent.
2. **A less favorable external context and declining gas exports have reduced GDP growth from a peak of 6.8 percent in 2013 to an estimated 2.2 percent in 2019 and slowed poverty reduction.** Between 2013 and 2019, growth was no longer pro-poor, as income gains were more evenly distributed across the income distribution. In the same period, poverty continued to decline, but more slowly than in previous years (from 39 to 35 percent), as labor income in sectors that employ the poor (agriculture, mining, and construction) experienced little or no growth. Poverty rates are higher among the indigenous population (45 percent) and in rural areas (54 percent). A large share of the Bolivian population is clustered around the poverty line, making it vulnerable to economic and other types of exogenous shocks. Although the Government of Bolivia (GoB) has cushioned the slowdown since 2015 through higher public expenditures and accommodative monetary and credit policies, this policy stance has caused sizable current account and fiscal deficits, estimated at 5.1 and 7.8 percent of GDP respectively in 2019.
3. **An outbreak of the coronavirus disease (COVID-19) caused by the 2019 novel coronavirus (SARS-CoV-2) has been spreading rapidly across the world since December 2019.** Since the beginning of March 2020, the number of cases outside China has increased thirteen-fold and the number of affected countries has tripled. On March 11, 2020, the World Health Organization (WHO) declared a global pandemic as the coronavirus rapidly spread across the world. On March 17, 2020, the Government of Bolivia (GoB) declared a national health emergency (*Decreto Supremo 4196/20*). Among the provisions, citizens are only allowed to leave their homes 1 day a week, organized according to the last number of the ID document. COVID-19 and the prevention measures adopted by the Government are having substantial impacts on the welfare and economy of the country, especially the poor and vulnerable. The transmission channels for this economic shock include: the direct and indirect costs of illness; the direct and indirect costs of prevention measures; and the economic effects of the broader global downturn.



Sectoral and Institutional Context

4. **Social assistance programs in Bolivia comprises conditional cash transfers, social pensions and disability benefits.** The main social assistance programs have not changed for more than a decade: a universal social pension (*Renta Dignidad* - RD) and two categorically targeted conditional cash transfers (CCT), the *Bono Juancito Pinto* (BJP), focused on the school-aged population attending public schools and *Bono Juana Azurduy Padilla* (BJAP), focused on pregnant women and mothers of children below 2 years old without social health insurance. Bolivia spends about 1.3 percent of GDP on social assistance programs. In aggregate, social assistance spending is unbalanced towards the elderly, with small amounts going towards the working age population. Annex 2 summarizes key features of the permanent social safety net programs in Bolivia.

5. **The impact of the main social assistance programs on poverty is limited. The role of non-labor income in poverty reduction has been small in the last 15 years.** The social programs are not designed to tackle monetary poverty: the transfer levels are low and are not adjusted for inflation, which creates a reduction in real terms over time¹. None of Bolivia's social protection programs use poverty targeting at the household level, and the targeting of programs to groups (categorical targeting) implies that poor and vulnerable groups outside of a specific demographic group have no access to any social program. The categorical design also implies that no social assistance program is designed to act as a real safety net against labor market or other income shocks. This is a significant deficiency of the otherwise broad-coverage system, because income volatility is particularly high among self-employed workers, who are prevalent in the economy.

6. **The delivery system of social assistance is characterized by institutional fragmentation, multiple beneficiary registries and different cash payment systems.** Bolivia does not have a unique coordinating institution for social assistance. SSN programs are implemented by the Ministries of Education, Health, and Management of Long-Term Pensions (*Gestora de Pensiones de Largo Plazo* or *GESTORA*). Each institution manages its own beneficiary registry, creating high costs both for the Government and beneficiaries, and limiting the effectiveness of social policy and safety net adaptation to shocks. The payment systems are also fragmented. The BJP and the Disability Benefit deliver payments in cash via school principals, the Army or personal checks. The BJAP and *Renta Dignidad* use a private payment platform *SINTESIS* that enables beneficiaries to cash the benefits in any bank in the country. That platform connects more than 50 financial and commercial institutions and more than 1300 payment sites throughout the country, and also provides a biometric control to reduce fraud.

7. **As a result of the COVID-19 crisis, the GoB has taken swift action to ameliorate the consequences of the restrictions on economic activity and address some of the delivery challenges of the current system.** The government has created three new temporary cash transfer programs all to be delivered via the *SINTESIS* payment platform and through identifying new beneficiaries via cross checking various databases: Bono Familia, Bono Canasta Familiar and Bono Universal.



C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

8. The objective of the Project is to provide temporary economic support to poor and vulnerable households impacted by the COVID-19 pandemic.

Key Results

9. The Development Objective will be tracked via the following PDO indicators:
- Direct beneficiaries of existing social assistance programs receiving temporary economic support financed by the project
 - Percentage of direct beneficiaries of existing social assistance programs receiving temporary economic support financed by the project
 - Direct beneficiaries of temporary economic support financed by the project, who are not beneficiaries of existing social assistance programs
 - Percentage of direct beneficiaries of temporary economic support financed by the project
 - Direct beneficiaries of temporary economic support financed by the project
 - Direct beneficiaries of temporary economic support financed by the project – FEMALE

¹ The 2018 Poverty Assessment found that between 2014 and 2017 the support provided by the CCT fell from 7 to 4 percent of the total income of beneficiary households. the low generosity of the CCTs translated in negligible impact on poverty reduction. On the other hand, the noncontributory pension to the elderly is more generous, representing 23 percent of beneficiary households' incomes, and more important for poverty reduction (1.6 percentage point)



D. Project Description

10. **The proposed project supports the GoB's response to mitigate the socioeconomic consequences of the COVID-19 pandemic on the population, particularly the poor and vulnerable.** This would be done through three components: (i) Temporary cash transfers to vulnerable households; (ii) Support to the temporary expansion of the safety net to informal workers; and (iii) Support to the payment system of cash transfers during the COVID-19 emergency and the implementing arrangements of the project.

11. **Component 1. Temporary cash transfers to vulnerable households (US\$99.72 million).** This component aims to address the significant impacts of COVID-19 on the income of poor and vulnerable households thereby reducing financial barriers to health-seeking behavior, such as social-distancing. It will finance temporary payments to the most vulnerable beneficiaries of existing safety nets programs (especially those with children in public schools and/or with disabilities). This component is comprised of two subcomponents.

12. **Subcomponent 1.1. Temporary cash transfers to vulnerable households with children enrolled in schools (US\$74.72 million).** This subcomponent will contribute to the GoB's strategy to provide resources to families with children between 3 to 18 years old to cover the extra spending on health, transport, and food that will occur because of the COVID-19 pandemic through the implementation of the Bono Familia (BF). The estimated coverage of BF is 3.15 million children. The GoB started paying the BF on April 16th. The implementing agency of this subcomponent is the MoE which will receive support from GESTORA for the payments to beneficiaries. This subcomponent will finance cash transfers up to US\$73 million out of the of the total cost of the BF program.

13. **Subcomponent 1.2. Temporary cash transfer to vulnerable households with pregnant women, children below 2 years old, or disabled and elderly individuals (US\$25 million).** This subcomponent will contribute to the GoB's strategy to compensate the loss of income among the vulnerable households that are not eligible for BF, through the implementation of the Bono Canasta Familiar (BCF). The GoB started paying the BF to the elderly on April 3rd, 2020. The implementing agencies of this subcomponent are the MPEPD and MEFP. Both agencies will receive support from the National Agency of Electronic Government and Technology of Information (AGETIC) for applying the eligibility of BCF through database cross-checks, and from GESTORA for the payments to beneficiaries. This subcomponent will finance cash transfers up to US\$25 million out of the of the total cost of the BF program.

14. **Component 2. Support the transitory expansion of the safety net to informal workers (US\$150.93 million).** This Component aims to support the effort of the GoB to extend the safety net to households with informal workers not eligible for BF and BCF, through the implementation of the Bono Universal (BU). The GoB would start pay the BU in mid-May 2020. The implementing agency of this component is the MEFP. AGETIC will provide support to MEFP for applying the eligibility of BU through databases cross-checks. This component will finance cash transfers up to US\$151 million out of the of the total cost of the BF program.



15. **Component 3. Support the payment system of cash transfers during the COVID-19 emergency and the implementing arrangements of the project (US\$3.10 million).** This component aims to support the expansion of payments through the banking system to all beneficiaries of emergency cash transfers during the COVID-19 emergency and the financial audit of project. The GoB has decided to use the private payment platform SINTESIS for the three temporary cash transfer programs, BF, BCF and BU. Additionally, the GoB, through the Central Bank and the Financial Institution Agency (*Decreto Supremo 4200/20*) requested that all financial institutions in Bolivia connect to the same payment platform in order to expand the number of payment sites, reducing potential crowds of people to contain the risk of virus spreading during payment days, and minimizing the areas in the country without a close-by payment site. At the same time, the GoB negotiated with the payment platform provider a significant reduction (40 percent) of the normal transfer fee. The component also supports the financial audit of the project. The implementing agency of this component is MEFP. The component would finance non-consulting and consulting services to guarantee an efficient and transparent delivery of the temporary cash transfer programs.

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

16. **The project will reach 7.064 million direct recipients, 51 percent of whom will be women, and an estimated 11.1 million individuals when including the household members of beneficiaries.** This estimate, which is based on simulations, would imply that 96 percent of the population would benefit². Under Component 1, the BF and BCF are expected to reach 2.35 million households and 8.9 million individuals, or about three-quarters of the population and 87 percent of the poor. By design, BF reaches relatively young and larger households, while BFC reaches smaller households with older individuals (mostly recipients of RD). In order to close the gap of coverage among the poor and vulnerable, especially those self-employed workers and workers in small firms in the most affected sectors (industry and services), Component 2 supports the BU. It is estimated that BU will reach, direct 5.2 million individuals living in 1.6 million households. BU uses administrative registries to exclude high earners whose income is known to be either stable or high, but their reach is limited. As Bolivia exhibits informality rates are well-above average (80 percent of the total employed labor force), with informal employment prevalent among the poor but cutting across middle- and upper-income quintiles. An emergency benefit that has the objective of protecting the middle class at risk of falling into poverty necessarily tolerates a higher than usual level of inclusion error.

² Since Bolivia does not have an administrative registry of households (only of individuals), simulations based on the latest household survey are the best tool to estimate the distribution of these direct beneficiaries in the population and household coverage of the programs (see Economic Analysis).



17. This Project has a moderate Environmental and Social Risk Classification. In the context of the new Environmental and Social Framework (ESF), the following Environmental and Social Standards (ESSs) apply:

- a) **ESS1 (Assessment and Management of Environmental and Social Risks and Impacts).** This standard is relevant. The Project has been designed under para. 12 of OP10. Considering that the Bank is planning to support the expansion of the social safety nets to mitigate the impacts of the Covid-19 pandemic, the Project's technical design has been informed by a social and economic assessment based on the latest household survey from 2018, extrapolating its result for 2020. This information serves as the Social Assessment of the Project and will be synthesized and disclosed within 30 days after effectiveness.
- b) **ESS2 (Labor and working conditions).** This standard is relevant. The GoB through the dispositions of the 'Autoridad de Supervisión del Sistema Financiero' (ASFI), CIRCULAR LETTER/ASFI/DNP/CC-2521/20202, will ensure that Commercial Banks' workers have access to protection and sanitation devices such as face masks and alcohol gel. Labor management procedures (LMP) will be developed within 30 days of project effectiveness that will detail the aspects of ESS2 that apply to civil servants (especially OHS, like the use of PPE for workers will be described as well as social distancing norms at distribution centers following WHO's guidelines) that will apply in case any direct or contracted workers (hired through a third party) are hired, and will include a GRM specifically for project workers to raise any issues. Neither child labor nor forced labor will be supported under this Project.
- c) **ESS4 (Community Health and Safety).** The Project will mainly use the payment platform existing for the long-standing social safety net programs called SINTESIS that assure the payments through bank tellers in 85 percent of the financial institutions in the country. Measures in place to prevent or minimize the spread of COVID-19 will be implemented. These include measures to reduce large lines and crowds by, for example, phasing the payment day across weeks, allowing payment only on a specific day of the week based on the last digit of the recipient's ID, and by increasing by almost 40% the number of financial institutions involved in the normal payment of safety nets programs to reduce crowding. This will be communicated widely to the public through the SEP and as part of project design. The SEP also considers messaging to reinforce preventive behavior, specific issues for IPs, and messaging on GBV and SEA-SH. Military forces will not be employed in this program.
- d) **ESS7 (Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities)** This standard is relevant. About 48 percent of Bolivia's population comprises Indigenous Peoples (5.58 million). The Project will deliver benefits to indigenous peoples living in the Amazonia, Chiquitania, Oriente- Llanos, Tropico, Valles, Altiplano and Chaco eco regions where indigenous communities are located. It is important to note that the household survey analysis reveals that indigenous people are no less likely than the poor and vulnerable to receive any of the existing social safety net programs. 79% of the self-declared indigenous already live in a social safety net recipient household, including 88% of those who are indigenous and poor. And the simulations produced based on the Household Survey 2018 projected to 2020 indicate that after the implementation of Bono Universal the coverage rate of indigenous should increase to 98%. Since this Project will cover most of IP populations in the country and most substantive issues already covered in the social-technical analysis conducted, the team does not see the need to integrate this information into an IPPF or IPP. IPs are well integrated in the eligibility criteria and the SEP will ensure that language, literacy and cultural adaptation are included in Communication Strategy of the SEP and the GRM processes.
- e) **ESS10 (Stakeholder Engagement and Information Disclosure),** This standard is relevant. Given the nature of the Project, the different target groups and the number of beneficiaries to reach all over the country, a robust Stakeholder Engagement Plan has been developed. The SEP will be updated within 30



days of Project effectiveness. The SEP was prepared in consultation with relevant government entities involved in the Project using already existing communication channels with different beneficiaries' groups from former safety nets programs in the country. The SEP includes a grievance redress mechanism (GRM) based on the existing mechanisms of the BJAP, BJP, RD, BD and BC. The SEP includes different mechanism to ensure the information and the GRM is accessible to indigenous people and other vulnerable or marginalized people. Anonymous grievance will be also collected and attended. Guidance to address consultations under the COVID-19 constraints are referred in the SEP to refer issues related to the SEP, GRM and LMP.

18. **Climate co-benefits.** The project is introducing innovations that will allow leveraging the existing network of safety nets for other emergency responses, including potential future climate and natural disasters. In particular, the capacity developed under this project to use banks to pay beneficiaries quickly and in any geographic point, could be redeployed in cases where the disaster is geographically limited, for instance floods to which Bolivia is prone. Unique identification numbers already exist, and this can be connected with other public registries to target families who could be the potential recipient of emergency assistance in case of a future climate related environmental shock. The project is thereby strengthening the adaptive capacity of the government to respond to future climate impacts.



E. Implementation

Institutional and Implementation Arrangements

19. **The project will support the response to the Government of Bolivia to mitigate the economic consequences of COVID-19 on the population**, particularly the poor and vulnerable through three components: (i) Temporary cash transfer to vulnerable households; (ii) Support the transitory expansion of the safety net to informal workers; and (iii) Support the payment system of cash transfers during the COVID-19 emergency and the implementing arrangements of the project. The Project will be implemented through three implementing agencies under the general coordination of the Ministry of Finance (MEFP), which will be the responsible unit and Bank's Government main counterpart during project implementation. A Project Coordination Unit (PCU) under the MEFP will be responsible for administrative and financial issues and will be responsible for the implementation of part of Subcomponent 1.2 and Components 2 and 3.

20. **The Ministry of Education (MoE) will implement Subcomponent 1.1 throughout the *Dirección General de Asuntos Administrativos (DGAA)* of MoE**. For the implementation of the BF, the DGAA will be supported by the *Dirección General de Planificación (DGP)* MoE, which manages the enrollment list of children in schools through the *Sistema de Información Educativo (SIE)*. In order to pay the BF, the MoE, through DGAA, signed an Interinstitutional Agreement with *Gestora Pública de la Seguridad Social de Largo Plazo (GESTORA)*, which is responsible for the management of the contract with the private payment platform SINTESIS. The project will reimburse the MEFP based on reports of payments prepared by MoE, in accordance with the Project Operational Manual.

21. **The Ministry of Economy and Public Finance (MEPF) will implement the Part A of the Subcomponent 1.2 throughout the PCU of MEFP**. Part A of the Subcomponent 1.2 will finance the payments of BCF to BJAP, BD and BC eligible beneficiaries. In order to pay the BCF, MEPF signed an Interinstitutional Agreement with GESTORA, the same mechanism followed by MoE for BF. The project will reimburse the MEFP based on reports of payments prepared by the PCU, in accordance with the Project Operational Manual.

22. **The Ministry of Productive Development and Plural Economy (MPDPE) will implement the Part B of the Subcomponent 1.2 throughout the *Dirección General de Asuntos Administrativos (DGAA)* of MPDPE**. Part B of the Subcomponent 1.2 will finance the payments of BCF to RD eligible beneficiaries. MPDPE is supported by GESTORA for the elaboration of the list of beneficiaries and for the payment of the BCF. The project will reimburse the MEFP based on reports of payments prepared by MPDPE, in accordance with the Project Operational Manual.

23. **The Ministry of Economy and Public Finance (MEPF) will implement the Component 2 throughout the PCU of MEFP**. Component 2 supports the effort of the GoB to extend the safety net to households with informal workers who suffer income loss due the economic effects of COVID-19. In order to guarantee the verification of eligibility for BU, PCU will require the support of AGETIC. The project will reimburse the MEFP based on reports of payments prepared by PCU, in accordance with the Project Operational Manual.

24. **Finally, The Ministry of Economy and Public Finance (MEPF) will implement the Component 3 throughout the PCU of MEFP**. Component 3 supports the expansion of payments through the banking system to all beneficiaries of emergency cash transfers during the COVID-19 emergency and the implementing arrangements of the project. This Component will reimburse the MEFP based on justification of payments of the contracts with SINTESIS and the financial auditor



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