Document of
The World Bank Group

FOR OFFICIAL USE ONLY

Report No. 167896-DO

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE CORPORATION

AND

MULTILATERAL INVESTMENT GUARANTEE AGENCY

COUNTRY PARTNERSHIP FRAMEWORK

FOR

THE DOMINICAN REPUBLIC

FOR THE PERIOD FY22–FY26

March 2, 2022

Central America Countries Management Unit
Latin American and Caribbean Region

The International Finance Corporation, Caribbean Regional Unit
Latin American and Caribbean Region

The Multilateral Investment Guarantee Agency

The date of the last Country Partnership Strategy (CPS) was September 3, 2014 and updated through a Performance and Learning Review (PLR) dated December 13, 2017.

CURRENCY EQUIVALENTS

(Exchange rate effective as of February 23, 2022)

Dominican Pesos (DOP) 56.05 = US$1

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

APL	Adaptable Program Loan
ADOPEM	Dominican Association for the Development of Women *(Asociación Dominicana para Desarrollo de Mujer)*
ASA	Advisory Services and Analytics
B40	Bottom 40% the poorest 40 percent of households
CCT	Conditional Cash Transfer
CPF	Country Partnership Framework
CATDDO	Catastrophe Deferred Drawdown Option
CABEI	Central American Bank for Economic Integration
CDRP	Country Disaster Risk Profile
CPSD	Country Private Sector Diagnostic
CPS	Country Partnership Strategy
CO2	Carbon Dioxide
DGCP	General Procurement Agency (Dirección General de Contrataciones Públicas-DGCP)
DPF	Development Policy Financing
DPL	Development Policy Loan
DRM	Disaster Risk Management
ENI	National Industrialization Strategy
ER	Expenditure Review
EIB	European Investment Bank
ENREDD+	National Strategy for Reducing Emissions from Deforestation and Forest Degradation
NSD	National Strategy for Development *(Estrategia Nacional de Desarrollo)*
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
ICT	Information and Communication Technology
IPF	Investment Project Financing
LAC	Latin America and the Caribbean
MPA	Multiphase Programmatic Approach
MIGA	Multilateral Investment Guarantee Agency
MSMEs	Micro, Small, and Medium Enterprises
MEPyD	Ministry of Economy, Planning, and Development *(Ministerio de Economía, Planificación y Desarrollo)*
MoF	Ministry of Finance *(Ministerio de Hacienda)*
MINERD	Ministry of Education *(Ministerio de Educación)*
NPSP	National Multi-Year Public Sector Plan *(Plan Nacional Plurianual del Sector Público)*
NFPS	Nonfinancial Public Sector
NDC	Nationally Determined Contributions
PLR	Performance and Learning Review
PFM	Public Financial Management
PforR	Program for Results
PIP	Public Investment Program
PER	Public Expenditure Review
PPP	Public-Private Partnership
REDD+	Reduction of Emissions Caused by Deforestation and Forest Degradation
RETF	Recipient-Executed Trust Fund
SCD	Systematic Country Diagnostic
SENASA	National Health Insurance *(Servicio Nacional de Salud)*
SDG	Sustainable Development Goals

GDI	Gender Development Index	SIUBEN	Unified Registry of Social Program Beneficiaries *(Sistema Único de Beneficiarios)*
GHG	Greenhouse Gas	SNIP	National Public Investment System (Sistema Nacional de Inversión Pública)
HLO	High Level Outcome	TA	Technical Assistance
IDB	Inter-American Development Bank	UN	United Nations
IEG	Independent Evaluation Group	WBG	World Bank Group
IFC	International Finance Corporation	WSS	Water and Sanitation Services

	IBRD	IFC	MIGA
Vice President:	Carlos Felipe Jaramillo	Stephanie Von Friedeburg	Ethiopis Tafara
Director:	Michel Kerf	Martin Spicer	
Regional Manager:		Judith Green	Merli Baroudi
Task Team Leader:	Alexandria Valerio Pedro L. Rodríguez	Carolina Cárdenas	Kassim Olanrewaju

FY22-26 COUNTRY PARTNERSHIP FRAMEWORK FOR THE DOMINICAN REPUBLIC

TABLE OF CONTENTS

FY22 -2026 COUNTRY PARTNERSHIP FRAMEWORK FOR THE DOMINICAN REPUBLIC

I. INTRODUCTION

1. **This Country Partnership Framework (CPF) lays out the strategic direction for the program envisaged for the World Bank Group (WBG) in the Dominican Republic (DR) from FY22 to FY26**. Reforms in the DR, supported by favorable external conditions and abundant remittances, rendered significant growth prior to the pandemic, but social and institutional indicators did not advance as much. The economy expanded by 5.3 percent on average between 2000 and 2019, almost tripling income per capital (atlas methodology) to US$8,100. The poverty rate (defined as less than US$5.5/day) increased from 31 to 55 percent of the population over 2002-04 due to a banking crisis but fell steadily after that to 12 percent by 2019. Progress in other social indicators, however, has lagged in part due to resource misallocation within an overall very small fiscal envelope. Learning outcomes, maternal mortality, adolescent pregnancy, and access to and quality of services (electricity, water, sanitation) remain among the worst in the Latin America and the Caribbean region (LAC) (See Section 2.3 and Annex 11.)

2. **The proposed WBG FY22-26 CPF for the DR is being prepared at a critical moment.** The Government has been addressing the impact of the COVID-19 pandemic while, in parallel, seizing a historic opportunity to implement reforms to strengthen the foundations of an inclusive and sustainable economy. The crisis had a sudden and significant economic impact in the country. In 2020, Gross Domestic Product (GDP) contracted by 6.7 percent and per capita income fell to US$7,260. To lessen the impact and severity of the crisis, the Government implemented a robust stimulus package of economic, fiscal, and social measures and mounted a rapid national vaccination program. By the end of 2021 GDP recovered to 12.3 percent, two-thirds of the eligible population had been fully vaccinated, and the COVID-19 fatality rate remained significantly below the LAC region. [i]

3. **Notwithstanding the rapid rebound, the pandemic laid bare longstanding unresolved challenges and household vulnerabilities**. The Government is committed to pursuing reforms that will reposition the country on an ascending economic growth trajectory while leaving no one behind. Cognizant that achieving national objectives will require transformative reforms and redoubling the efforts to address economic, social, and climate vulnerabilities, the Government has begun to tackle difficult issues: the Electricity Pact, under discussion for several years, was signed and critical decisions related to its implementation have been taken; additionally, discussions with stakeholders on the Water Sector Compact have begun and a discussion on the Fiscal Pact was resumed and later postponed due to the fragile recovery. The DR's National Strategy for Development 2030 (NSD) and the National Multi-Year Public Sector Plan 2020-24 (*Plan Nacional Plurianual del Sector Público, NPSP*) call for the recalibration of the economic growth path towards one that is green, inclusive, innovative, resilient to climate shocks, and where public institutions can deliver high quality services. Considering the financing needs to transform the economy, the Government is strengthening public private partnership mechanisms to mobilize private capital into infrastructure and leverage public investment. In addition, efforts are being made to make public expenditure more efficient, while advancing discussions to address the longstanding fiscal constraints that prevent redistribution for greater inclusion and the achievement of social outcomes that are fully commensurate with growth levels.

4. **The CPF proposes an ambitious program to support the Government's commitment to implement reforms for economic transformation**. While fully anchored in WBG previous engagements,[1] the CPF takes a bold step forward by supporting a package of reforms for basic public services that are

[1] The FY15-18 Country Partnership Strategy (Report No. 89551-DR), its FY18 Performance and Learning Review (PLR, Report No. 121859 -DR), and the FY15-18 Completion and Learning Review (CLR) provide the foundations for this CPF together with eight FY15-21 projects, of which five received an IEG rating of moderately satisfactory or satisfactory.

currently highly inefficient and costly. In parallel, the CPF proposes to scale-up well-performing WBG interventions to solidify gains, reduce household vulnerability, and attract private capital to high value-added sectors. The CPF incorporates the lessons of the Completion and Learning Review (CLR) of the FY15-18 CPF which suggest redoubling engagement in times of strong government commitment to advance transformative reforms, and to maintain a solid analytical base to inform program formulation. The 2018 Systematic Country Diagnostics[ii], identified six priority development challenges, which the CPF addresses. These challenges remain valid, and more important than ever considering the crisis and the national goals for economic and social recovery. In addition to the SCD, the CPF is informed by recently completed country diagnostic and others currently underway that cover several key sectors, including the DR Public Expenditure Review (P164680).

5. **The proposed FY22-26 CPF supports three High-Level Outcomes (HLOs) through nine objectives.** HLO-1 focuses on *improved access to quality public service delivery*, by supporting ongoing or planned reforms to improve fiscal space, and by helping to reform electricity, safety nets, and health care services. HLO-2 focuses on *increased number of high-quality jobs* by enhancing education quality and training, improving investment climate, and increasing mobilization of finance for underserved groups and infrastructure. Finally, HLO-3 focuses on *increased resilience to climate* change by enhancing the sustainability of landscape and natural resources, including "blue economy" assets, improved water resource management and strengthening institutional and financial capacity to manage the country's exposure to natural shocks. Synergies are built across HLOs and objectives to maximize a combined effect.

6. **The CPF design is consistent with the IBRDs Graduation Policy and WBG corporate priorities.** The DR's gross national income per capita (US$8,100 in 2020, Atlas method) is above the Graduation Discussion Income (GDI), the level at which the WBG shifts its focus from poverty reduction to addressing key non-income factors in development, such as quality of institutions and access to markets. However, the DR is not the typical above GDI country given its lagging social indicators (See para. 1 and Annex 11). Institutional improvements to improve the delivery of key public services lie at the core of every CPF objective, including those on electricity, health and safety nets, education, and water. Interventions in the fiscal area will drive improvements in the DR's credit rating and access to financial markets that will enhance market access. Lower financial costs for the public and private sectors will make it more socially and financially viable to attract private sector financing for infrastructure and green growth, which the CPF also supports. The CPF is also well-aligned with the Green, Resilient, and Inclusive Development (GRID) integrated approach. It includes support for harnessing blue economy assets, boosting increased use of clean technologies, "greening" the financial sector, "cleaning" the electricity matrix, and support the climate change agenda, thereby contributing to regional and global public good. In addition, improvements in the quality of public health care services will contribute to public good. Finally, engagements proposed under the CPF will enable the Government to frame its support as its work with development partners to improve gender outcomes and will help to create markets and attract investment in key public services and industries, contributing to maximizing finance for development.

7. **The World Bank (WB), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA) will continue to work in partnership and seek business opportunities in line with their comparative advantages and the CPF's vision for engagement**. The WB's indicative lending program could reach US$1.8 billion over FY22–26 and could be front-loaded (US$1-US$1.2 billion over the CPF's first three years), depending on the mix of financing instruments used, program performance, demand from other borrowers, and the WB's financial and exposure capacity. A sustainable macroeconomic framework would allow use of the full range of instruments. IFC's current US$341 million portfolio would scale-up in pace with the DR's ability to carry key reforms, primarily in the fiscal area, electricity sector, public-private partnerships (PPPs), urban planning, and water and waste

management. MIGA will explore opportunities to provide political risk guarantees, including in support of PPPs as well as cross-border private sector investment in strategic areas such as renewable energy, climate finance and sustainable infrastructure.

8. **While the CPF risks are rated as Substantial, even after mitigation measures, the pay-off expected from implementing long-awaited reforms is high**. Macroeconomic risks are expected to be Moderate, but the supported reforms and associated frontloading of the WBG program face substantial risks in the Political and Governance, Institutional Capacity for Implementation and Sustainability, and Fiduciary categories. Risks associated with the conditions in Haiti were also considered, however, at this time their impact on the CPF is expected to be Low. These risks are partially mitigated by strong political commitment and leadership, broad consultations, flexibility in the CPF's design and implementation and the WBG's focus on building institutional capacity.

II. COUNTRY CONTEXT AND DEVELOPMENT AGENDA

2.1 POLITICAL AND INSTITUTIONAL FACTORS

9. **In the 2020 elections, the Modern Revolutionary Party won the elections against the Dominican Liberation Party (DLP), a party that had ruled for 20 of the past 24 years**. The Party, headed by President Abinader, also gained slight majorities in the senate (18 out of 32) and the lower chamber (101 of 190). President Abinader remains popular with 80 percent approval ratings in an October 2021 poll[iii].

10. **Key tenets in the new Government's mandate include increasing transparency and ending widespread corruption.** Early action has been taken to signal a strong commitment to break corrupt practices and improve the country's ranking in Transparency International's 2020 Corruption Perceptions Index (137/180). Surveys consistently indicate that firms and households often report corruption as one of the biggest obstacles in the public sector, in their enterprises, and in daily life. Early Government actions to signal a break from the past include the appointment of a former representative of Transparency International as head of the General Procurement Agency and the appointment of an independent Attorney General with no political affiliation. Moreover, legal reforms are underway to consolidate merit-based appointments and increase the independence of accountability in institutions.

11. **An increasingly fragile situation in Haiti poses potential risks for the DR until a multilateral support solution is agreed and implemented**. While Haiti was already a fragile state, the assassination of President Moise on July 7, 2021, unleashed crime that have disrupted economic activity, while exacerbating social needs and unrest. In 2019-2020, the DR's exports to Haiti represented, on average, 8 percent of total exports. Although this is a relatively small share, they are a significant source of revenue for small and medium sized firms and farmers. Continued economic and political volatility and social unrest in Haiti could have social and economic spillovers in the DR, including through a potential refugee crisis. The DR government has expressed that it stands ready to support multilateral efforts to provide aid, strengthen institutions, or otherwise contribute to Haiti's reconstruction, recovery, and growth.

2.2 ECONOMIC DEVELOPMENTS AND OUTLOOK

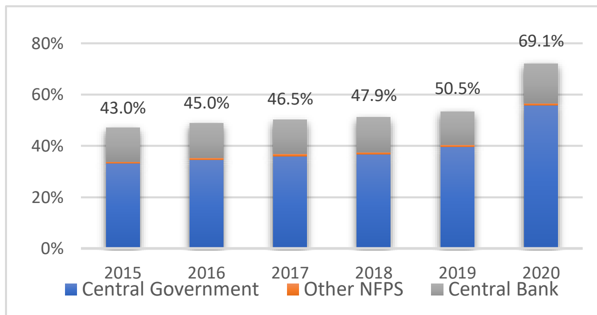
12. **Supported by domestic demand and favorable external conditions, the DR's economy expanded by 5.3 percent, on average, over 2000-19, driven primarily by capital accumulation and total factor productivity growth**. Foreign direct investments (FDI) of about 4 percent of GDP, on average, over the last 20 years transformed the economy and fueled tourism, services, manufacturing, construction, and mining. Remittances grew steadily to about 8 percent of GDP in 2019, supporting private consumption.

13. **The DR's external position is solid, but exports and links to global value chains are low.** External deficits, financed by FDI and remittances, fell from 7.5 to 1.3 percent of GDP over 2010-19 and reserves reached five months of imports in 2019. Total exports expanded significantly during the 1980s and 1990s, but nearly halved to 23 percent of GDP during 2004-19 for reasons including the end of the Multifiber Agreement in 2005 that protected the DR's textile exports to the United States. In 2019, services accounted for half of exports, while the rest included machinery, agriculture products, and minerals (gold). The DR's participation in global value chains is however low – adding on average 30 percent of value added to exports since 2000, a rate below Tunisia (57 percent), Costa Rica (37 percent), Ecuador (35 percent) and Honduras (34 percent) according to the ongoing Country Private Sector Diagnostic (CPSD) (P606546).

14. **The Government launched a robust fiscal and monetary policy response to mitigate the COVID-19 crisis, which lessened poverty impacts**. Initial lockdowns and travel restrictions led to a 6.7 percent contraction in GDP in 2020 and to an increase in the (national) poverty rate from 21 percent in 2019 to 23.4 percent in 2020 (cushioned by significant mitigation efforts). The Government's rapid fiscal response and coordinated economic stimulus, vaccination deployment, and social assistance programs in 2020, along with the global recovery observed in 2021, expedited a rebound in 2021 of 12.3 percent. The overall fiscal deficit increased from 2 to 8 percent of GDP over 2019-20. In parallel, the Central Bank eased monetary policy, reducing the headline interest rates from 4.5 to 3 percent in 2020.

15. **Over 2010-19, the primary fiscal deficit was small (0.7 percent of GDP), but fiscal policy contributed marginally to poverty reduction**. According to the recent Fiscal Incidence Assessment (P171102), [iv]fiscal policy reduced poverty rates by only 1 percentage point, using the national poverty line quoted above. While school meals and some of the various cash-transfer programs reduce poverty, untargeted subsidies and tax policy partially offset this impact. This limited incidence is likely to worsen over time because social and investment outlays are being squeezed by growing interest and wage bills, untargeted subsidies, and the materialization of contingent liabilities. The interest bill already absorbed one-fifth of tax revenues in 2019. At 13 percent of GDP in 2019, revenue mobilization is the second lowest in LAC. Public investment steadily declined from 3.9 to 2.3 percent of GDP over 2010-19. Low primary deficits and fast-paced growth did not reduce public-sector debt due to quasi-fiscal deficits and adverse debt dynamics. The debt of the consolidated public sector, including state-owned enterprises (SOEs) and the Central Bank, grew from 37 to 51 percent of GDP over 2010-19 and further to 69 percent by end-2020 (Figure 1). Debt is concentrated in the central government, which borrows to cover energy sector deficits and guarantees most of the sector's investments (i.e., the energy sector is a direct fiscal liability and a contingency). Also, the Central Bank was not recapitalized after the 2002 banking sector crisis, and seigniorage has not covered these costs (a reform is now being designed with IMF support). As a result, the debt of the Central Bank amounts to over 15 percent of GDP in 2020, which itself crowds out the shallow domestic capital market, keeping interest rates high and pushing the central government to borrow mainly from global markets. The DR also experienced adverse debt dynamics, as the average interest rate of the public debt grew from 6.9 to 7.4 percent over the 2010-19 period (and from 3.8 to 5.9 percent for external debt only). Markets priced the DR's risks associated with the banking crisis and successive energy shocks to the budget, although recent global financial market conditions allowed the country to lengthen maturities from 6.2 to 9.7 years over 2019-20. Credit ratings have been stable after an upgrade around 2015/6 but are still three notches below

Figure 1. General public



Source: Ministry of Finance and WB staff's calculations investment grade on account of low revenue mobilization and reform challenges in the financial, monetary, and energy spheres.[v]

16. **Inflation reached 8.5 percent in December 2021, driven mostly by external prices, while the banking system has (on average) maintained the adequate capitalization, solvency, and provisioning levels it had before the COVID-19 pandemic**. Inflation is well outside the target range of 3±1 percent, driven by the impact of disruptions in the international supply chain and increasing commodity prices on food and transport. In response, the Central Bank increased its policy rate early in 2021 by a total 150 basis points (from 3.5 to 5 percent). Non-performing loans steadily decreased from 3 to 1.6 percent of the total loans over 2010-19 and represented 1.3 percent of loans by November 2021. The average return on equity and the capital adequacy ratio were around 19 and 16 percent in 2019, respectively, and rose slightly to 23 and 17 percent by November 2021. However, the banks' adequate profitability and capital buffers (a Return on Assets of 1.4 percent and an equity-to-assets ratio of 9.6 percent, both as of December 2021) will not only be tested by the phasing-out of these initiatives, but also by the fact that Dominican lenders are substantially exposed to the inherently risky household sector (40 percent of total loans, including consumer and residential mortgage loans). The authorities remain vigilant to the impact of unwinding debt service moratoriums and rollovers on the health and stability of the sector.

17. **Following the 2021 rebound, growth is expected to converge to a 5 percent potential, anchored by reforms.** In the near-term, tourism and remittance-supported private consumption will drive the further recovery, but convergence to the potential growth requires steady implementation of structural reforms, particularly in energy, water, and public-private partnerships, coupled with efforts to increase the quality of human capital and attract FDI to higher value-added industries. Sustainable agriculture can also strengthen growth, by modernizing jobs and greening products. Reforms and innovation are also expected to strengthen and green growth and promote inclusion. These assumptions would lay the foundations for the DR to cross the per-capita gross national income threshold for high-income countries by around 2035 (the threshold was US $12,695 in 2020 vs a US $7,260 per capita income in the DR).

18. **The fiscal deficit is expected to narrow from 2.7 to 2.4 percent of GDP during 2021-25 and further declining to 2.3 in 2026, but the DR needs greater fiscal space for health care, safety nets, public investments, build-up buffers against natural disasters, and secure a downward debt trajectory**. A gradual phase-out of subsidies in the energy sector together with tax administration improvements can create headroom for public investments and expand targeted transfers, such as "Bonoluz"— a scheme to subsidize the consumption of 100 kw of electricity per month for the poorest households. However, to address development needs, additional reforms will be needed. At the same time, the public-debt-to-GDP ratio is projected to stabilize around 58 percent over the medium term, driven by strong growth and the expected gradual adjustment. The debt ratio can easily be derailed by external shocks: a 1-standard-deviation negative growth shock would drive back debt to 68 percent of GDP by 2023, and double gross financing needs from 6 to above 11 percent of GDP. These, and risks related to hardened global financial conditions, could transform a virtuous into a vicious circle—the debt ratio could rise rather than fall, driven by increasing rather than falling interest bills.

19. **The macroeconomic scenario faces significant demand and supply risks, requiring additional mitigation measures against macroeconomic shocks**. Tapering in the United States could tighten financial conditions, leading to an increase in risk aversion, a decline in the demand for riskier assets, and a further US$ appreciation—all increasing refinancing cost for countries like the DR. A stronger United States Dollar would also increase the DR debt ratio, given the high levels of dollarization in the sovereign's balance sheet. Further, partial implementation of electricity reforms poses risks to the fiscal consolidation over the medium-term. Likewise, climate change has intensified the exposure to natural disasters in the DR, increasing contingent liabilities and debt. Finally, new COVID-19 variants can slow the tourism and services

sectors. The Government is designing appropriate risk mitigation measures, including broadening disaster financing and transfer mechanisms. The Fiscal Pact was resumed, but its full discussion was postponed allowing full social recovery and the adjustments needed to electricity tariffs.

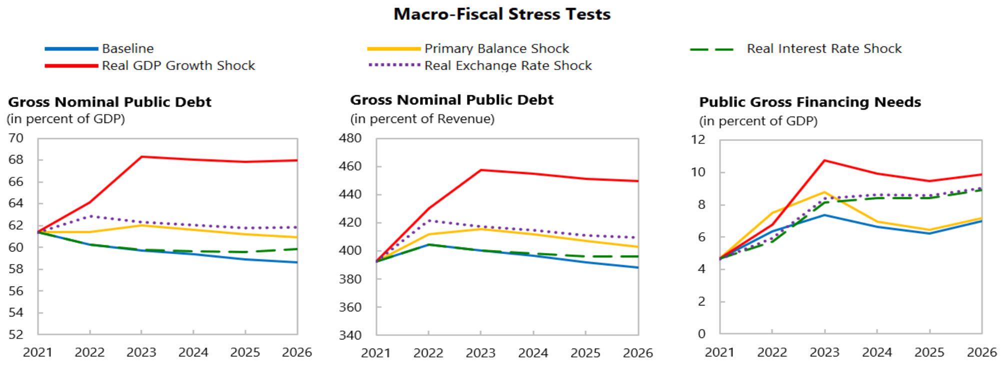
20. **A growth- and equity-neutral fiscal reform will help the DR address development needs and mitigate risks.** Such a reform could focus on spending efficiency (e.g., improving procurement processes, streamlining the state's institutional architecture, and reducing the duplication of social programs and agencies) and debt management measures in the short- to medium-term. A tax reform would complement these efforts, including phasing out income tax exemptions and improving property taxes. The mock introduction of fiscal rules, followed by formal enactment, can provide direction to these efforts.

Table 1. Key Macroeconomic Indicators

	2019	2020	2021(e)	2022(p)	2023(p)	2024(p)	2025(p)	2026(p)
National Accounts (in real terms)	*annual % change unless otherwise indicated*							
Real GDP	5.1	-6.7	12.3	5.0	5.0	5.0	5.0	5.0
GDP per capita	4.1	-7.5	11.3	3.6	3.6	3.6	3.6	3.6
GNI per capita, ATLAS method (current US$)	8,100	7,260	…	…	…	…	…	…
External sector	*in percentage of GDP, unless otherwise indicated*							
Current account balance	-1.3	-2.0	-2.5	-1.8	-1.6	-1.8	-1.8	-1.9
Exports of goods and services	23.1	18.3	22.0	22.4	22.8	23.0	23.2	23.4
Tourism related	8.4	3.4	6.1	…	…	…	…	…
Free Economic Zones	7.0	7.5	…	…	…	…	…	…
Minerals (mainly gold)	2.3	2.5	…	…	…	…	…	…
Remittances inflows (gross)	8.0	10.4	11.2	10.5	10.1	9.5	9.5	9.5
Imports of goods and services	27.6	25.6	32.0	31.7	31.6	31.5	31.4	31.2
Of which energy imports	3.4	2.3	…	…	…	…	…	…
Foreign Direct Investment	3.4	3.2	2.8	3.2	3.2	3.2	3.2	3.2
Gross International Reserves (in bill. US$)	8.8	10.7	13.0	15.1	17.2	19.3	21.5	23.4
In months of next year's imports	5.2	4.3	5.1	5.6	6.1	6.5	6.6	7.4
Terms of Trade (% change)	4.1	4.4	-3.8	-0.8	0.5	0.5	0.5	0.5
Employment and inflation								
CPI (year-average)	1.8	3.8	8.2	4.5	4.0	4.0	4.0	4.0
Unemployment Rate	5.9	7.4	7.1	…	…	…	…	…
Participation Rate	65.4	61.1	…	…	…	…	…	…
Of which female	53.2	48.5	…	…	…	…	…	…
Monetary and banking sector								
Policy Interest Rate, %	5.1	3.0	4.5	…	…	…	…	…
Credit to the private sector	26.7	28.8	26.8	…	…	…	…	…
Of which in foreign currency	5.3	5.0	4.8	…	…	…	…	…
Return on equity (ROE), percentage	19.5	15.6	22.6	…	…	…	…	…
Nonperforming loans, % of total	1.6	1.9	…	…	…	…	…	…
net Assets/Liabilities, ratio	1.1	1.1	…	…	…	…	…	…
Central Government (C.G.) finances								
Revenues	14.4	14.2	15.8	14.8	14.8	14.7	14.7	14.6
Expenditures	16.6	22.1	18.5	17.6	17.3	17.2	17.1	16.9
C.G Government Balance	-2.2	-7.9	-2.7	-2.8	-2.5	-2.4	-2.4	-2.3
Consolidated Public Sector Debt	50.5	69.1	61.9	60.9	60.1	59.8	58.7	57.3

a/ including inventory changes; (e) estimate; (p) projection
Source: *Dominican Republican authorities and World Bank Staff estimates*.

Figure 2. Dominican Republic, Macro-fiscal Stress Test

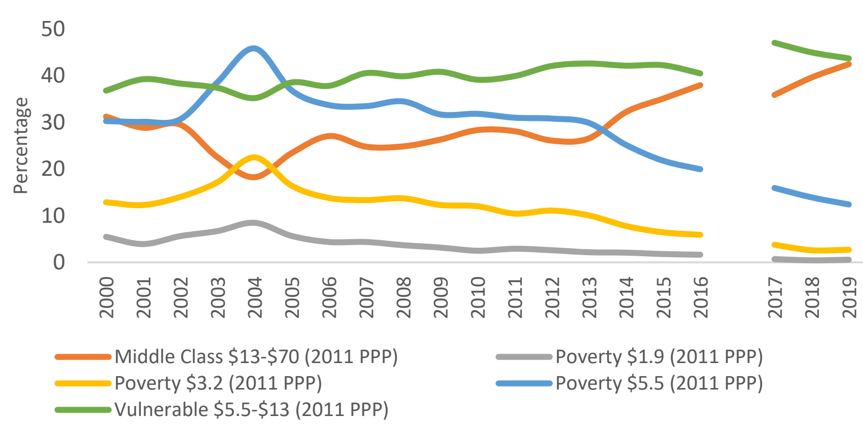


Source: World Bank staff projections

2.3 POVERTY AND SHARED PROSPERITY

21. **Poverty has declined consistently since 2013, but the reduction is below what would be expected considering the sustained growth levels**. The poverty rate (defined as less than US$5.5/day) increased from 31 to 55 percent of the population over 2002-04 because of the economic shock from the banking crisis, but since 2013 there has been a steady decline and by 2019 it had fallen to 12 percent. Similarly, the middle class (incomes between US$13 and US$70/day) expanded from 25 to 42 percent, outnumbering the poor in 2014. Income inequality improved (the Gini Coefficient fell from .51 to .43 over 2000-19), as the per capita income for the poorest 40 percent of the population (B40) grew compared to the top 60 percent (3.4 vs 2.9 percent during 2004-16; 6.2 vs 5.8 percent during 2017-19). Notwithstanding the achievement in poverty reduction, growth in the DR has been less inclusive compared to the LAC average, as evidenced by growth elasticities of 0.8 vs 2 over 2004-16, and 2.2 vs 5.5 over 2017-19[vi]. Another marker worth flagging is the size of the vulnerable population (incomes between US$5.5 and US$13/day), which in the DR has remained flat at 44 percent, and thus, more than half the population is either in poverty or at considerable risk of falling back into it.

Figure 3. Poverty rate, vulnerable and middle-class headcount ratio (%) in Dominican Republic



Source: WB - SEDLAS harmonized data.[vii]

22. **Stagnant real wages explain the low elasticity of poverty to growth in the DR.** The 2021 Jobs Diagnostic (Report No. 158707) and the ongoing Poverty Assessment (P177382) suggest poverty started to fall sustainably only after real wages began to converge toward labor productivity in 2013 (real wages sharply dropped after the 2002 banking crisis and remained flat until 2013). Supply factors that have deterred real wage growth in the past include an expansion of labor force participation (albeit with large

gender-based gaps despite an increase in female labor participation) and the immigration of low-skilled workers. Demand factors include low minimum wages, monopsony power in some economic sectors, and factor-biased technological growth.

23. **Public transfers have helped to reduce poverty over time.** The Fiscal Incidence Assessment (P171102) found that key direct transfers, while small, are pro-poor and helped to mitigate the impact of the pandemic. However, the FY21 DR Public Expenditure Review (P164680) calculated the coverage, targeting, and incidence of the DR's main cash transfer schemes between 2012 and 2018 and concluded that further gains can be achieved through larger and better targeted transfers and by indexing payments to local inflation. But the gains from transfers may not reduce poverty sustainably if the transfers fail to improve the accumulation of human capital (through the fulfillment of the co-responsibilities associated with the transfers), and their beneficiaries fail to pivot away from assistance into more and better-paid jobs.

24. **Poor households have less access to reliable public services.** According to the DR Public Expenditure Review (P164680), 65 percent of urban households and 52 percent of rural households report intermittent water supply. As a result, 86 percent of urban households and 76 percent of rural households rely on coping mechanisms such as storage tanks, pumps, and cisterns to ensure a reliable availability of water for daily consumption. In terms of basic health indicators which reflect access to basic services, the percentage of children in the top 20 percent of households who are not stunted is 96 percent, on the contrary, this percent is 89 among the poorest 20 percent, a gap of 7 percentage points. While child mortality declined (25 deaths of under-five children in 2020 per 1,000 births, down from 41 a decade earlier), it remains three times higher for the poorest quintile compared to the wealthiest quintile (42 vs 17 deaths per 1,000 births).

25. **Early skills gaps amplify into workforce skill gaps, disproportionately affecting the poor.** According to the 2021 Human Capital Index, the productivity as a future worker of a child born today in the richest 20 percent of households is 66 percent while it is 53 percent for a child born in the poorest 20 percent, a gap of 13 percentage points. Students from the richest 20 percent of households score 398 while those from the poorest 20 percent score 322, a gap of 75 points on a scale that ranges from 300 (minimal attainment) to 625 (high attainment). This gap is larger than the typical gap across 50 countries (55 points). Proficiency among 15-year-old students is deficient according to the 2018 Programme for International Student Assessment (PISA)[viii], as only 21 percent of the DR's students reached at least minimum proficiency in reading (i.e., defined as scoring at level 2 or higher) and only 9 percent achieved it in mathematics, compared to the Organisation for Economic Co-operation and Development (OECD) average of 77 and 78 percent in reading and mathematics, respectively. By the time students exit basic education, most leave without achieving minimum proficiency in reading, mathematics, or science. While there is gender parity in terms of learning outcomes in basic education, slightly in favor of girls, young women face cultural norms and constraints that cut short their educational aspirations and trajectory in the system. Early pregnancy is rampant, there are 93 births (2018) per 1,000 women ages 15-19, much higher compared to the average for LAC (56) and the average for its income group (45). (See Annex 7 on Gender.)

26. **Poverty reduction has been spatially imbalanced.** Average poverty reduction conceals significant gaps: 3 out 4 people moving out of poverty during 2017-19 lived in urban areas, where poverty rates were lower than in rural areas. There are also large poverty imbalances across household characteristics and regions (e.g., female headed households have higher levels of poverty). According to the ongoing Poverty Assessment, poverty in the two provinces near Haiti is twice as high relative to the Santo Domingo Metropolitan area (where economic activity is concentrated) and the touristic centers (*Cibao Nordeste*

and Yuma). Although the poverty gap between the poorest and richest regions dropped from 22 to 18 percentage points during 2019-20, structural factors must be addressed for this to be sustained.

27. **The COVID-19 pandemic reversed some of the progress made against poverty.** The national poverty rate increased from 21 to 23.4 percent in 2019-20 (i.e., 270,000 persons). Temporary transfers, partial wage subsidies, emergency food support, and remittances, all mitigated the impact of COVID-19 on households. Without these, the poverty rate would have reached 29 percent in 2020 according to joint Government/World Bank estimates. Women were most affected, as poverty reached one in every four women. The crisis also led to 18 months of school closures, which are likely to result in significant learning losses and perhaps induce premature dropping out of the system, particularly among young women

2.4 DEVELOPMENT AGENDA

28. **The DR's path of high and sustained economic growth in the two decades before the pandemic increased the rate of labor absorption, reduced poverty and inequality, and expanded the middle-class**. However, a substantial share of the population remains poor or vulnerable with limited access to quality services and deriving income from informal occupations – partly driven by the divide between special zones and the rest of the economy. The driving sectors remain tourism and manufacturing in the special zones, but their diversification and sophistication have been constrained by a lack of skills in the labor force. The thrust of the past growth path is likely to continue, but its impetus will weaken as the demographic bonus fades and wages rise.

29. **To maintain high-income growth, the DR needs to generate increases in productivity driven by rising investment, including FDI, deepening connection and contribution to global value chains, and skilling the labor force**. Further, the DR should take advantage of unutilized opportunities such as the blue economy which could lead to creating quality jobs that are better remunerated and support a solid middle class. The stability of the growth path is and will continue to be subject to risks from recurrent natural events that hit Caribbean countries, and that are likely to increase in frequency and magnitude with climate change. The priorities that emerged from the 2018 SCD are: (i) improving fiscal balance by developing a credible fiscal path that supports the provision of high-quality public services; (ii) enhancing accumulation of human capital; (iii) promoting a level playing field and a business environment that fosters quality improvements and competitiveness; (iv) improving management of natural resources, (v) improving resilience to disasters and climate-related risks; and (vi) increasing transparency and accountability in the policy making process. These challenges remain, even more in the aftermath of the pandemic, in addition to new challenges like the need to strengthen public health care services and to address fiscal and service imbalances in electricity, and water and sanitation services.

III. WORLD BANK GROUP PARTNERSHIP FRAMEWORK

3.1 GOVERNMENT PROGRAM AND MEDIUM-TERM STRATEGY

30. **The previous Government's vision was to reach high-income status by 2030, which the administration of President Abinader has endorsed.** The National Strategy for Development 2030 (NSD) aims for the DR to cross the high-income threshold by 2030 through equalizing rights and opportunities and reducing social and territorial inequality and poverty. This administration's NPSP endorses the NSD, defines cross-cutting themes (gender, territory, participation, sustainability, transparency and accountability, affirmative actions for vulnerable groups, and digital transformation) and identify 33 actions (see Annex 10 for mapping between these actions and the CPF). The NPSP's priority actions are aligned with the National Competitiveness Strategy, Gender Equality Strategy, the Sustainable Development Goals (SDG) agenda, and the 2020 Nationally Determined Contributions (NDC).

3.2 PROPOSED WORLD BANK GROUP COUNTRY PARTNERSHIP FRAMEWORK

31. **The proposed CPF reflects key lessons learned from the FY15–FY18 CLR and the in-country consultations**. As highlighted in the CLR, the CPF reflects the importance of strong leadership, political commitment, and coordination, necessary to improve the WBG's performance in the country. The preparation of this CPF highly values the strong political commitment shown by the Government to push forward an ambitious reform agenda and therefore has responded by scaling up the WBG's support. Continuous and high-level engagement with the Government has accelerated the pace in the design and preparation of relevant lending operations such as the Electricity Reform for Sustainable Growth Development Policy Loan (P175874), the Dominican Republic Water Sector Modernization program (P177823), and the Second Disaster Risk Management Development Policy Loan with a Catastrophe Deferred Drawdown Option (CATDDO) (P178122), all interventions that had been put on hold in the past due to a lack of political commitment. Going forward, the WBG will continue to engage with ministries and relevant government counterparts to ensure ownership (both at the leadership and technical levels), as this is key for the adoption and sustainability of the reforms and interventions that are being supported.

32. **The CPF design needs to carefully consider the impact that the DR's political cycle can have on the implementation of the WBG program**. The implementation of the previous CPF program was hampered by the reorientation of government priorities following the 2016 political elections, and later by the 2020 elections that delayed the design of this CPF. Between 2015 and 2019 one operation was cancelled and five operations were dropped due to a change in priorities. The CLR suggested that future CPFs carefully consider political cycles to design an effective, consistent, and realistic program. As opposed to previous country engagements, this CPF will frontload the program to maximize alignment with the current government if financial and other considerations allow.

33. **Advisory Services and Analytics (ASAs) need to be timely, strategic, and aligned with government priorities**. Building on those recommendations, during the most recent government transition (in 2020) the WBG proactively provided technical assistance and analytical support fully aligned with government priorities. This work grounds the proposed CPF objectives and its supporting program. For instance, the recently prepared DR Public Expenditure Review and the Urban and Territorial Review (P172715) underpinned the formulation of the proposed DR Water Sector Modernization program and the Second Disaster Risk Management (DRM) Development Policy Loan with a Cat DDO. Going forward, timely, strategic, selective, and well-aligned analytical support will be strengthened.

34. **The objectives and priorities of the CPF—as well as key development challenges—were discussed in-country with a range of stakeholders during both SCD and CPF consultations**. Thorough consultations took place prior to the COVID-19 pandemic, in and outside the capital, and involved government representatives, private sector (including special economic zones), civil society, development partners, academia, and opinion leaders. Findings were validated and updated virtually between August and December 2021. Consultations with the elected authorities occurred prior to and after their election in August 2020, and during a WBG senior management visit in November 2021. The recurring themes coming out of these consultations are fully reflected in the CPF's HLOs and Objectives, namely the urgent need for: (i) quality, inclusive, and sustainable basic public service delivery; (ii) increased availability of high-quality jobs; and (iii) improved natural resource management and climate change action. Finally, the finalization of the CPF benefited from several working sessions with the Ministry of Economy, Planning and Development *(Ministerio de Economía, Planificación y Desarrollo,* MEPyD).

3.3 OVERVIEW OF WORLD BANK GROUP PARTNERSHIP FRAMEWORK

35. **The CPF supports three HLOs through nine objectives.** HLO-1 focuses on improved access to quality public service delivery; HLO-2 concentrates on increased number of high-quality jobs; and HLO-3

focuses on increased resilience to climate change. Most objectives contribute to more than one HLO but are assigned where impact is greatest (Table 2). Further, gender is an important cross-cutting issue that impacts the achievement of both objectives and HLOs (Annex 7), and with a view to mainstream this in the portfolio of WBG instruments and coordinating with the DR's partners, this is addressed under each HLO/objective.

3.4 SELECTIVITY IN THE CHOICE OF HIGHER-LEVEL OUTCOMES AND OBJECTIVES

36. **The CPF applies selectivity criteria to identify HLOs that will guide WBG's partnership with the DR over the long term.** Criteria includes: (i) alignment with DR's long-term strategic objectives and country development goals; (ii) development priorities as identified in the SCD, were verified by subsequent analytical work, and analyzed considering the impacts of the pandemic; and (iii) areas where the WBG has maintained a positive engagement in the past, building knowledge, experience and creating a trusted relationship with the client, thereby with a comparative advantage. This latter as well as the Government's program priorities are elaborated under each Objective in sections below (see Annex 10).

Table 2 CPF 22-26: Higher-level Outcomes and Objectives

High Level Outcomes HLOs	HLO-1: Improved access to quality public service delivery	HLO-2: Increased number of high-quality jobs	HLO-3: Increased Resilience to Climate Change
CPF Objectives	Objective 1.1 – Improved fiscal space and public spending efficiency	Objective 2.1 -Enhanced quality of education and training	Objective 3.1 – Improved management of landscape and natural resources
	Objective 1.2 – Enhanced efficiency in electricity	Objective 2.2 – Improved Investment Climate	Objective 3.2 – Enhanced management of water resources
	Objective 1.3 Enhanced coverage and quality of health and safety nets	Objective 2.3 – Increased mobilization of finance for underserved groups and infrastructure	Objective 3.3 – Improved disaster risk management and asset resilience

37. **HLO-1— "Improved access to quality public service delivery"—is aligned with the SCD priority 1 and partially aligned with SCD priorities 3 and** 6. The CPF unbundles SCD priority 3 on Accumulation of Human Capital into safety nets and health care on the one hand (Objective 1.3), and education, on the other (Objective 2.1 under HLO-2). The CPF will also support electricity reforms (Objective 1.2), an area that was not identified as a priority under the SCD but nonetheless highlighted as a key challenge. Finally, the HLO fully incorporates SCD priority 1 on improving fiscal space (Objective 1.1). This HLO, however, excludes key priorities in the DR's long-term plans, such as police force, criminal justice, and prisons, given these are areas in which the WBG does not generally engage with; as well as social security, public financial and human resource management, due to lack of government's demand for WBG support at this moment. There is also prioritization within each objective, with the CPF focusing on electricity rather than on broader energy and mining issues. Finally, there is a natural division of labor among development partners, based on comparative advantages, under each HLO. For example, in spending-efficiency areas, the WB is likely to focus on procurement, while the Inter-American Development Bank (IDB) focuses on human resource management. The IMF is already helping to address the financial sustainability of the Central Bank and is also advising on fiscal rules. Indicators will track the impact of improved availability and quality of services on the population, especially for the poor and the disadvantaged.

38. **HLO-2— "Increased number of high-quality jobs"—addresses SCD priorities 2 (the education part of human capital) and 3.** Quality jobs are at the heart of building a high-income middle-class society and, in line with the analysis and recommendations of the Jobs Diagnostics (Report No. 158707). HLO-2 supports efforts at working on the demand (Objective 2.2) and supply side of the labor market (Objective

2.1). HLO-2 also addresses the concerns the SCD expresses about financial intermediation (Objective 2.3) and provides an opportunity for private capital mobilization through PPPs. Indicators will track progress in improving learning outcomes, improving access to finance for underserved groups and MSME's.

39. **HLO-3— "Increased resilience to climate change"—addresses SCD priorities 4 and 5.** The program commits to help improve the resilience of the country to natural shocks (Objective 3.3), the management of natural resources (forestry, agriculture, and land management) (Objective 3.1), and the management of water resources (Objective 3.2) to speed up preparedness for climate change impacts, given the country's vulnerability and increasing risk to its natural resources arising from expanding economic activity and diversification. Selectivity prioritizes interventions on adaptation over mitigation, although objectives under other HLOs (e.g., electricity, Eco-Zones) will contribute to mitigation. Indicators will track progress in improving households and the state's resilience to climate change.

3.5 ONE WORLD BANK GROUP

40. **The movements towards HLOs and delivery of the CPF objectives will rely on a strong WBG partnership.** To assure a more strategic and substantial WBG coordination, joint efforts will be articulated in terms of specific targets and reviewed periodically. The mobilization of finance for development will be a cornerstone of that cooperation. For instance, the IFC and MIGA will seek investments in export-oriented companies and infrastructure to improve private sector competitiveness and sustainability. The WBG will also endeavor to mobilize finance for development and create markets to facilitate technology adoption, investments, and inclusion. The WBG will also support the Government in accessing resources to meet its global goods commitments and the private sector to make sustainable investments.

41. **The WBG will work to identify opportunities for—and constraints to—private sector solutions.** The IFC will follow its three principles of joint WBG engagement: (i) selectivity – strong comparative advantage, additionality, and impact for specific sectors; (ii) upstream – enabling the environment in areas with traction of reforms; and (iii) regional approach – platforms and initiatives to improve integration in the Caribbean. The IFC intends to create new markets focusing on its three strategic pillars—(i) financial and social inclusion; (ii) competitiveness; and (iii) sustainability and maximizing finance for development—in areas with high growth potential and development impact, such as sustainable agriculture, renewable energy, and access to finance (primarily financial inclusion and development of capital markets).

42. **MIGA will seek opportunities to de-risk cross-border investments and PPPs by providing its political risk guarantee instruments**. MIGA will focus on investment opportunities that increase job creation, and support a green, inclusive, and resilient recovery. The WBG will collaborate closely to improve the enabling environment for the development of PPPs and private investment (foreign and local). MIGA will leverage its business development activities, as well as the co-location of the WB/IFC offices which has strengthened interactions and facilitated joint consultations.

HLO-1: Improved access to quality public service delivery

43. **The DR's income per capita has increased and poverty has fallen, but concerns over the quality, inclusiveness, and sustainability of public services persist**. Limitations in the delivery of electricity services affect firms, particularly the smaller ones, and individuals, particularly the poorest households. The COVID-19 pandemic highlighted the need to increase their responsiveness to shocks by continuously investing in primary health and social protection systems. Other critical and equally lagging service sectors are education, water, and sanitation, these will be addressed under HLO2 and HLO3 respectively, given that skills have become a major binding constraint to growth and to Small and Medium Enterprises, not just for the B40; and the latter as this CPF takes a broad approach through water resource management. The first objective under HLO-1 focuses on increasing the needed fiscal space and public spending

efficiency, while the remaining two objectives directly aim to improve institutions in electricity, safety nets, and health care services.

44. **The three objectives mutually reinforce each other.** Stronger safety nets are needed for the success of the energy sector (and for the water sector reforms addressed under HLO- 3), which require cost-reflective tariffs, among other measures. Fiscal space is required to scale up safety nets, health care services, investments and to expand fiscal buffers against natural disasters. While electricity sector reforms are expected to create fiscal space, they will not happen soon and will not be enough. Finally, CPF-supported improvements in health, safety nets, water, education, and electricity will improve the poverty and equity impact of fiscal policy and the efficiency of public spending, showing the merits for society of greater domestic revenue mobilization efforts over the medium-term.

Objective 1.1: Improved fiscal space and public spending efficiency

45. **While its debt is sustainable, the DR needs fiscal space to address social and infrastructure needs, rebuild buffers against shocks, and further modernize citizen's services**. Greater spending efficiency is needed but might not be enough to address urgent social needs (e.g., water and sanitation), demands for a growing middle-class (e.g., health) and a more sophisticated economy (e.g., expedient administrative processes). Fiscal pressures arise from growing wage and interest bills, which are crowding out investments. Firm and steady spending and tax reforms can yield the necessary space, together with enhanced debt management practices. The Government has initiated a dialogue on the Fiscal Pact but generating consensus will not be easy – "back of the envelop" calculations based on benchmarks against peer countries suggest the country needs to expand revenue mobilization by at least 2 percentage points of GDP and generate similar amounts in spending efficiency, over the medium-term.

46. **The DR will need support generating consensus on the Fiscal Pact, which the WBG can support through ASAs.** A commitment under the NSD (article 12), the Fiscal Pact will be an instrument of legitimacy, by enhancing fiscal policy efficiency and equity. The Pact might propose to face corruption issues head-on (e.g., procurement), considering a tax reform aimed at broadening tax bases (e.g., income taxes), and modernizing the property tax (e.g., registry, appraisal, valuation, and compliance). The timing and depth of a tax reform (i.e., a large one vs a series of smaller ones) is subject to consultations. Finally, the Pact might also include a plan to "dry-test" fiscal rules and capitalize the Central Bank. The CPF has front-loaded knowledge activities to inform reforms in this area (i.e., Public Expenditure Review (P173163), Urban and Territorial Review (P172715), Poverty and Distributional Incidence of Fiscal Policy (9171102)) and can support the further preparation of a Fiscal Pact either on spending efficiency or resource mobilization, or both. The CPF can also scale up support through Investment Project Financing (IPFs) (e.g., for multipurpose cadasters/property tax or to strengthen municipal governments) or Development Policy Financing (DPFs).

47. **In March 2021, the Government launched an ambitious public administration modernization reform to enhance service to citizens and streamline procedures and regulation, which the CPF will support**. This reform aims at improving public services by focusing on citizens' needs, through: (i) better service delivery (e.g., creation of the single website for the government, data governance, inter-operability, and cybersecurity), and (ii) modernizing key central systems (e.g., human resource management, procurement and strengthening of local governments). A ministerial committee, chaired by the Minister of Public Administration has been leading this agenda and requested that the WB deliver technical assistance to inform both the agenda and the process. The WB has responded with Strengthening Citizen Engagement and Transparency to Improve the Delivery of Public Services ASA (P159392), and additional technical assistance (TA) or financial resources will be mobilized, as required.

Objective 1.2: Enhanced efficiency in electricity

48. **The poor performance of the electricity sector has been a major impediment to growth and poses a threat to an inclusive, greener, and sustainable recovery**. The average customer of electricity experienced 18 outages and 22 hours of blackout per month in 2020, above the averages of regional peers. Heavy reliance on imported fossil fuel generation-84 percent of total supply exacerbates financial and environmental sustainability. Subsidies to the sector averaged 1 percent of GDP over the past decade, driven by high technical and commercial losses, high generation costs, and a weak regulatory environment affecting private sector growth and sustainability. Additionally, sector governance and accountability face significant challenges including an outdated legal framework and a fragmented institutional framework, weak regulatory enforcement, and poor performance of the public distribution companies.

49. **The Government has shown a strong commitment to address the longstanding challenges affecting the electricity sector through a comprehensive package of reforms and to secure broad stakeholder consensus**. The Electricity Pact (*Pacto Eléctrico*), first drafted in 2017, was signed in February 2021 by key stakeholders and is now well under implementation. It lays out a detailed roadmap for reforms, including commitments to improve service quality, achieve cost-reflective tariffs, respect payment obligations, and improve efficiency and sustainability.

50. **The CPF aims to support a strong and front-loaded program to implement the Electricity Pact.** The Electricity Reform for Sustainable Growth DPL series (P175874 and P178571) captures critical milestones in the Pact's roadmap, while the Central American Bank for Economic Integration (CABEI) and the IDB support complementary measures through parallel financing. The ongoing Distribution Grid Modernization and Loss Reduction Project (IPF P147277) approved in FY16 finances rehabilitation of selected distribution circuits and is part of a broader National Loss Reduction Program jointly financed by the IDB, the European Development Bank (EDB), the OPEC Fund for International Development, and the Development Bank of Latin America (CAF). Going forward, while continuing to support the above-mentioned reforms, the CPF will increasingly engage in ways to diversify the energy mix and lower the carbon intensity (also contributing to HLO-3). Particularly interest will be placed on the support to the competitive development of renewable energy, including through upstream support to establish the relevant regulatory framework and improving the enabling environment to support the development of private-led renewable energy investments. The IFC is committed to the continued diversification of the energy matrix through the expansion of renewable energy capacity (HLO-3). The IFC is extending indicative terms to sponsors currently negotiating Private Power Purchase Agreements (PPAs) for renewable energy projects. As reforms progress, IFC will seek to scale up their support in this sector in the DR. MIGA will also seek to provide its political risk guarantees to foreign investors in the renewable energy space.

Objective 1.3: Enhanced coverage and quality health and safety nets

51. **The DR's progress in building social safety net over the past 15 years needs to be consolidated.** The country's means-tested programs increased coverage of the B40 from 40 percent (Eat First program and Liquified Petroleum Gas (LPG) subsidies) to 60-70 percent (subsidized Family Health Insurance and School Feeding Programs). In June 2021, the Government created the *Supérate* program to break the intergenerational transmission of poverty and promote social and economic inclusion of poor and vulnerable populations. The *Supérate* program is a bold step towards a third generation of reforms and links beneficiaries to economic inclusion opportunities. However, about half of the 3.7 percent of GDP of public spending is used to cover untargeted transfers to electricity, water, and urban transport companies. The social safety net system requires an institutional consolidation that brings all under a common regulatory, legal and oversight framework, harmonizes eligibility criteria, and makes it more responsive and agile to shocks (HLO-3). Reducing overlapping programs while scaling up successful ones under a unified institutional framework remains a key modernization challenge.

52. **The primary health care reforms launched in the early 2000s still offer an effective roadmap to improve lagging indicators, but the scope and pace need to be addressed to improve primary health outcomes**. Most infant and maternal deaths could be prevented through adherence to norms, protocols, and quality care standards provided by trained personnel, and by ensuring access to required equipment across the country. The pandemic laid bare the need to invest in effective outreach campaigns, better incentives, and a better-funded primary health care network. Information systems are also lagging, both for recording basic statistics but also to underpin future introduction of treatment protocols and associated payment system. Finally, the use of digital technologies is lagging.

53. The CPF aims to scale up assistance to help address the above-mentioned challenges in safety nets and the health sector. Support for safety net and social registry: The WB has supported the development of safety nets for the last 15 years, and the CPF proposes to continue supporting it through ASA or suitable financial lending instruments targeting vulnerable populations as well as the poor, would be a priority for future engagement (e.g., women, people with disabilities). The ongoing Integrated Social Protection and Promotion Project (P147213) closes in FY23, after having contributed to an integrated package of services for low-income households in targeted provinces. The WB is well-suited to continue support on this agenda in the future, building on Integrated Social Protection and Promotion Project (P147213), the TA on Adaptive Social System (P177211), and the FY10-11 Performance and Accountability of Social Sectors Programmatic DPF series (P116972, P121778 and P125806), which helped establish the DR's safety net framework.

54. **The CPF also proposes to re-engage in the health sector.** From FY03 through FY10, the WB supported a series of Health Sector Reform Adaptable Program Loans (APL) (P076802 and P106619) aimed at transforming primary care services delivery (e.g., improve mother and child health, strengthen health sector management practices, consolidate universal health insurance, and support regional health care networks). While implementation was satisfactory, the Government decided not to move forward with the third APL in 2017. Since then, other development partners, including the IDB, have supported the sector. Considering the time that has elapsed since the last WBG engagement, coupled with the stress that the COVID-19 pandemic brought to the sector, the CPF proposes to carry analytical pieces to identify areas where the WBG can best contribute to strengthening the health system and improving primary health indicators. An ongoing TA on Health System through Digital Data and Information Systems (P178396) seeks to identify actions to strengthen health information systems and inform the national digital health strategy. A planned ASA on Public Health Pandemic Preparedness and Response Capacity would access institutional weakness and identify priority areas of intervention. The IFC will seek to expand support to high-quality healthcare providers and to attract private investment in primary healthcare centers and in general and tertiary hospitals by collaborating with well-established health groups. The IFC currently supports one of the country's largest centers through its Health Quality Tool advisory service and is exploring health center opportunities in underserved areas with other legacy groups in the sector.

HLO-2: Increased number of high-quality jobs

55. **Embarking on a high-growth trajectory will require structural changes to modernize the investment climate and the quality of education**. Accelerating growth and job creation will require a modern investment climate that levels the playing field across firms. Having transparent rules of the game, along with mechanisms that are enforced routinely and impartially across firms, will boost domestic competition, promote integration into global value chains (GVC), and stimulate high quality job creation. Parallel changes to broaden access to finance, especially for women entrepreneurs and raising the quality of workforce skills will be indispensable.

56. **A focus on three mutually reinforcing objectives will help to increase the quality of formal jobs.** The first focuses on enhancing the quality of education, with a focus on addressing foundational learning

gaps in basic education, an area where the country lags well behind relative to peers and upgrading skills in enterprises to improve labor productivity in the short to medium-term. The second focuses on improving the investment climate, by strengthening firms' capabilities, promoting linkages to value chains, and broadening access to innovations in the digital and green economy. Finally, a third objective focuses on access to finance for underserved groups and infrastructure (e.g., transport), including women entrepreneurs, which is a critical factor to expand enterprise growth, labor supply, and higher-quality jobs.

Objective 2.1: Enhanced quality of education and training

57. **Sustained and forceful actions are needed to solve the persistent education system failures to ensure that all Dominicans are endowed with foundational skills needed to become lifelong learners**. The CPF aims to improve the national education system to ensure that it delivers high quality education services and generates better learning outcomes. The ongoing focus is on early and basic education through ongoing support to the Support to the National Education Pact Project (P146831), which closes in FY23. This IPF project supports the introduction of systems to: (i) recruit and train primary and secondary school teachers according to standards; (ii) assess student learning in primary and secondary education; (iii) evaluate the quality of service provided by Public Early Childhood Development Centers; and (iv) enhance the process for decentralizing public school management.

58. **The NSD, NPSP and the Ministry of Education's Strategic Plan 2020-24 together provide a roadmap for further interventions to improve learning outcomes in basic education and program relevance in the tertiary education system and increase training for employability for unemployed youth**. Interventions include: (i) strengthening the sector governance framework, and research and development activities to promote science and technology in new areas of national and economic development; (ii) establishing a system of post-secondary technical education professionals; (iii) addressing the youth in-or-out-of-school by promoting the availability and access to training to cater for diverse types of youth profiles to link them into economic and other types of opportunities; and (iv) introducing initiatives to tackle risky behaviors, community violence, and gender-based violence.

59. **The CPF will offer analytical and financial products to support post-secondary level initiatives and gender-equality initiatives at all levels**. New analytical work will help pin down education and training improvements to increase the quality of human capital that will facilitate access to higher quality jobs and focus on the nexus between basic and tertiary education, and university-industry linkages to promote entrepreneurship and the incubation of new technological processes and new businesses. These diagnostics can become important springboards to support interventions to advance women's economic empowerment and female labor force participation, complementing concomitant efforts by United Nations Children's Fund (UNICEF) and United Nations Population Fund (UNFPA) on addressing societal gender norms in basic education, and the IDB on improving the technical and vocational education system and the relevance of program offerings.

60. **Addressing societal gender norms, gender-based violence, and school violence are transversal areas that are embedded in ongoing WBG-financed projects in education and social protection**. The ongoing FY16 Integrated Social Protection and Promotion Project (P147213) supports the expansion of training programs for vulnerable youth to ensure their economic inclusion with an emphasis on young women. The IFC aims to invest in education, focusing on the creation of Technical and Vocational Training (TVET) platforms and expanding tertiary education centers to build private education capacity that complements public sector education. The IFC will also engage with sector stakeholders through its Employability Tool, seeking to bridge the gap between skills training and job market needs. Lastly, the IFC's Digitization for Tertiary Education Program (D4TEP), which helps institutions transition into the digital era of education, is being rolled out in LAC and will include Dominican universities with appetite to participate in upcoming cohorts.

Objective 2.2: Improved Investment Climate

61. **Persistent structural challenges hinder productivity and competitiveness, despite the country's solid macroeconomic performance**. These drive the slowdown in real export growth, the rising sectoral concentration of both exports and FDI and low marginal FDI spillovers that prevent the anchoring of medium, small, and micro enterprises (MSMEs) to global value chains. Exports and FDI contribute to the DR's economic performance, but their portfolios are undiversified and increasingly dependent on tourism and a small number of low-value-added goods. In addition to these concentration patterns, a lackluster investment climate has discouraged local firms' adoption of quality improvements and digital technologies that hinder integration in global value chains. This gap in quality upgrading affects the formation of firm linkages that hinders the DR's ability to reap join global value chains. Diversifying the export and FDI portfolio to greener products and increasing linkages with local services can strengthen the resilience and sustainability of the DR's economic growth, and mitigate risks related to climate change and a decreasing fiscal space. On digital technologies, the DR has good infrastructure (six submarine cable systems, a new link planned for 2023, and two internet service providers), but data centers and cloud service issues hinder the digital agenda. Also, mobile penetration is low – as of 2020, only a fifth of the population had a 4G subscription, 3G connections were below 50 percent of the population, and the roll-out of 5G had not started (although the bidding for spectrum is under way).

62. **The CPF aims to support the DR in increasing productivity and competitiveness, building on the National Industrialization Strategy 2020 – 2024 (ENI).** The ENI, and the Competitiveness Council under the President tasked with its implementation, have built strong PPPs to start addressing key challenges. The ENI is also concerned about the exposure of jobs and exports to climate change or the potential reduction of the fiscal space that might curtail the generosity of fiscal incentives. Unaddressed, the combination of these challenges could erode the DR's economic gains and threaten the recovery.

63. **An ongoing ASA is analyzing ways to strengthen the DR's FDI and export promotion to attract higher value chains (Programmatic TA - P177705)[ix].** This TA identifies policy measures and mechanisms to increase the DR's capacity to attract and promote near-shoring and FDI in targeted sectors, reduce bureaucratic hurdles, increase, and diversify trade markets, improve backward linkages through technology uptakes, and support the upgrade of key industrial zones within special economic zones to certified Eco-Industrial Parks that promote and facilitate circular economy and green investments (HLO-3). The ASA is also an opportunity to identify structural investments the Government could undertake in outer years of the CPF, potentially with WBG support. MIGA will leverage the ASA, together with its business development activities, to mobilize foreign investment into the country. The IFC is also analyzing different opportunities in the manufacturing sector to improve productivity and increase exports. The ongoing CPSD offers an opportunity to carry WB/IFC joint assessments and consultations and to closely coordinate ongoing TA and broader programs that would drive the DR's competitiveness agenda. The CPSD will also examine specific sectors to identify main constraints that block private sector investment. Furthermore, the IFC is currently supporting financial institutions and regulatory stakeholders to develop their digital transformation strategies and will engage private sector players to explore opportunities withing the digital space. Finally, the WBG will explore opportunities to support the digital and cybersecurity agenda through a Digital Economy Assessment in FY22/23, as requested by government through the Information and Communication Technology (ICT) Governmental Office (*Oficina Gubernamental de Tecnologías de la Información y la Comunicación*, OGTIC).

Objective 2.3: Increased mobilization of finance for underserved groups and infrastructure

64. **Despite commendable progress, limited access to finance is a major obstacle for MSME survival and growth, while financial inclusion is low among women, and low-income and rural households**. MSME access to finance is inadequate, with an estimated gap of US$13 billion. Access is hampered by

weak competition, incomplete credit infrastructure, public sector crowding-out, banks' high operational costs and lending rates, and limited availability of suitable financing for technology adoption and innovation. Account ownership has increased, but financial inclusion is uneven, particularly for women and low-income and rural households. Access to finance is indeed one of the key differential constraints faced by female entrepreneurs in the DR. For example, according to Financial Inclusion Dataset (FINDEX) 2017 data, 25 percent of men borrowed from a formal source, while only 20 percent of women did. Financial Technology (FinTech) innovations, digital platforms, and building inclusive digital infrastructure could provide help bolster financial inclusion to the underserved groups.

65. **Underdeveloped capital markets are unable to support adequately productive, long-term investment needs such as in infrastructure**. Capital markets are shallow (the 2019 Financial Markets Depth Index, assessing the size and activity of the stock market, is only 0.03, well below the 0.14 LAC average). At 2.1 percent of GDP in 2019, the DR's capital market is small relative to the LAC region (Mexico's is 21 percent; Brazil's is 31 percent). The private debt market is highly concentrated, with the top four issuers making up half of the market and in few sectors—financial intermediation and utilities. Central Bank and Ministry of Finance (MoF) bonds, the market's risk-free asset, are consistently issued at high rates, forcing a premium above government securities to generate demand. In this regard, the IFC will support a pilot advisory program on derivates market development to increase access to local currency investments.

66. **A shallow mortgage market hinders progress to close the DR's housing deficit.** Government created a Ministry of Housing, Habitat, and Buildings in July 2021, defined the housing deficit as a national priority, and developed criteria for decent housing in alignment with UN-HABITAT (2019)[x]. It also created the Institute for Housing Development, Access and Guarantee and the National Land Survey Registry. Still, the mortgage credit-to-GDP ratio is only 5 percent (below the 8.2 percent average for the LAC region) and is concentrated among the middle to high-end income brackets.

67. **Finally, the potential for the financial sector to support climate positive finance and mitigation are central issues for the DR**. The Central Bank, the Banking Supervision Agency, and the capital markets regulator plan to adopt international good practices for integrating climate-related and environmental risks into prudential supervision of the financial sector. The Central Bank is training its staff on climate-related issues, and recently joined the Network for Greening the Financial Sector.

68. **The CPF aims to support the Government in improving key financial services over time**. First, the IFC will continue to provide credit lines for women-owned SMEs (via intermediary lending) and enhanced support to female micro-entrepreneurs through partner financial institutions. It will also support MSMEs with a focus on financial inclusion. Ongoing and new WB TA will complement these efforts (e.g., Strengthening Consumer Protection in the Dominican Republic- P176491). Second, the IFC, WB and MIGA will seek opportunities to develop the capital markets for fixed income and infrastructure finance, through analytical, financial or credit enhancement products. Third, the WBG will explore opportunities to mobilize private financing for infrastructure, particularly for transportation, through investment and ASAs, including PPPs, with a focus on projects that reduce transportation costs, relieve bottlenecks, facilitate international trade, and create jobs. Fourth, the WB plans a FY22 Support to the National Housing Program Project (P176581) to help strengthen institutions, and design credit enhancements and subsidies for low-income households to promote mortgage lending to low-income and/or vulnerable households. In line with its business and strategy outlook, MIGA will aim to use its PRIs to scale up climate finance lending in the DR.

69. **Finally, the CPF will enhance capital mobilization towards the climate finance agenda, and help the regulators understand banks' exposure to climate-related risks, especially physical damages from natural disasters**. The IFC is currently supporting the financial sector to develop a national green

taxonomy that will, in turn, support green financing through local capital markets. The Capital Market regulator (SIMV) leads the advisory work with IFC, with participation and support from the Banking Supervision Agency, MoF, Ministry of Environment, and the National Council for Climate Change and Environment and Cleaner Production. The WB is implementing an ASA (Greening the Financial Sector and Climate Risk Assessment in Central America and the DR, P177473) for the Central Bank, comprising capacity building for technical teams,[xi] assessing climate-related risks in the financial system and identifying data gaps. Interest in an IMF/Bank Financial Sector Assessment (FSAP) to also cover these and other issues, such as digital finance/FINTECH, will also be explored. Public Private Partnerships can also contribute to capital mobilization towards the climate finance agenda.

HLO-3: Increased Resilience to Climate Change

70. **The DR is endowed with abundant natural resources and biodiversity on which its economy relies; however, inadequate natural resource management has led to environmental degradation and increased vulnerability to climate change**. Forestlands[xii] constitute up to 51 percent of the national territory, however, between 2010 and 2015, the country lost 3 percent of its forest cover, and large sections of forests were degraded[xiii] mainly due to livestock farming, illegal logging, commercial and subsistence agriculture, and forest fires. The agri-food sector puts significant pressure on natural resources through deforestation in upper watersheds, soil erosion, and the pollution of water sources. Water security indicators at the national level show that the DR is approaching thresholds of water stress with respect to availability of freshwater resources per capita and is already experiencing water conflicts and shortage at the subnational level. Beaches are experiencing accelerated erosion due to inadequate territorial development and solid waste management, overfishing and loss of coral reefs, as well as Carbon Dioxide ($CO_{2)}$ emissions that contribute to global warning.

71. **The DR is also highly exposed to weather-related disasters, climate-related events, climate change impacts, and earthquakes**. The 2021 ND-GAIN Index ranks the DR 103rd out of 182 countries in terms of its vulnerability to climate change and other global challenges, as well as its ability to improve resilience. Additionally, it is the world's 12th most-affected country by natural disasters over 1998-2017 according to the 2019 Global Climate Risk Index, with hurricanes and tropical storms recurrently causing high human and economic losses. On average, each year earthquakes and hurricanes cost up to 0.4 and 0.48 percent of GDP, respectively.[xiv] Coastal cities—and tourism—face threats from a rise in sea level and the continued loss of coral reefs, mangroves, and wetlands that protect beaches from storm surges.

72. **Three mutually complementary and reinforcing objectives should help increase resilience to climate change.** Sustainable natural resources and land management have the potential to provide benefits such as disaster risk reduction, ecological benefits, climate change mitigation and adaptation, jobs, public health, and security. To help foster that potential the 3 objectives under HLO-3 will focus on: (i) improved management of landscape and natural resources, which include sustainable agriculture practices, and protection and promotion of blue economy assets; (ii) enhancement of the overall management of the country's water resources, including water supply and sanitation services, irrigation services, and water security; and (iii) building of institutional and financial capacity to manage DR's exposure to nature shocks. The interventions under Objective 3.1 will contribute to the proposed engagement under HLO-1, which addresses improved access to quality public service delivery.

Objective 3.1: Improved management of landscape and natural resources

73. **Improving the management of the DR's natural assets – including blue economy assets and agroecosystem—is important for increasing the country's resilience to climate change shocks and for providing economic opportunities, especially for rural and coastal economies**. Primary agricultural production has been contributing a constant 6 to 7 percent to the GDP over the past 10 years. Agri-food

exports (animal, vegetable, and foodstuffs) accounted for 19 percent of the total value of official exports in 2020. However, this sector is also contributing to deforestation in upper watersheds, soil erosion, and the pollution of water sources, all of which threaten the environment, agroecosystem health, the country's economic development, and the health of its population. Agriculture is also the second highest source of CO_2 emissions after energy and transport, but its emissions are more than compensated for by a net carbon sink created by land use change and forestry.[xv] Tourism is almost exclusively dependent on the oceans, contributing to 17.2 percent of GDP in 2019, however, beaches are experiencing accelerated erosion and in some areas are highly polluted. Given its importance to the economy and considering the large number of people living around coastal areas, the DR, as an island country, can benefit greatly from preserving its ocean resources to optimize its use in a manner that is more sustainably.

74. **The Government has expressed a strong commitment to improving its natural asset management, biodiversity conservation, and ecosystem services**. The NSD and the NPSP both identified sustainable environmental management and adaptation to climate change as a strategic axis. Additionally, in December 2020, the Government issued updated NDC goals[xvi], which resulted in an increase of its climate ambition by committing to reducing GHG emissions by 27 percent compared with business-as-usual by 2030. Other longstanding and recently developed initiatives include the National System of Protected Areas (SINAP)[xvii] and a national strategy for REDD+[xviii] (ENREDD+), which aims to reduce emissions from deforestation and forest degradation and promote resilience and competitiveness for the forestry, agriculture, and livestock sectors.

75. **The CPF, through a multisector and integrated spatial approach aims at promoting the sustainable management of natural resources, including development and protection of blue economy assets**. The WB has helped to formulate a policy framework for REDD+ which led to the preparation of an emissions reduction program at a national scale under the Forest Carbon Partnership Facility (FCPF) Carbon Fund, which aims to reduce 5 million tons of CO_2 equivalent by December 2024 while also providing adaptation and resilience co-benefits. Complementing these initiatives, the WB is supporting the DR through a Global Environment Facility project that aims to scale-up integrated watershed management through improved territorial planning, sustainable rice production, and agroforestry. Jointly supported by the agriculture and water sectors,[xix] the Resilient Agriculture and Integrated Water Resources Management Project (P163260) will contribute to improved sustainable landscape management[xx] and access to water supply and sanitation services in targeted river basins, increase climate resilience, reduce GHG emission in the agriculture sector, and explain sustainable agriculture. Finally, on the blue economy, a robust set of analytical pieces and advisory services are being designed including a rapid assessment on blue economy in the DR, a roadmap for the blue recovery, an assessment of contamination "hot spots", and a deep dive on solid waste management and use of plastics.

Objective 3.2: Enhanced management of water resources

76. **The DR aims at managing water resources sustainably.** The country extracts about 50 percent of its total available freshwater resources, which is significantly higher than its Caribbean neighbors and the LAC regional average of 8 percent. Large imbalances between supply and demand have led to poor service quality, exacerbated by 70 percent inefficiency in irrigation and 45-90 percent physical and commercial losses in water supply services. These inefficiencies have driven poor service quality with high rates of intermittent water supply reported across the country translating into a loss of confidence by the consumer in the utility. The country also underperforms on the water quality dimension of water security. Non-point-source water pollution from agriculture and point-source pollution from industrial and municipal sources are deteriorating both fragile surface and groundwater resources. Less than 10 percent of municipal wastewater is treated. Policy making and regulatory functions are either non-existent or fragmented across institutions. Together, these institutional and performance inadequacies limit the

ability of the country to adapt and mitigate the impacts of climate change and ensure sustainable use of water resources that are critical for economic growth and development.

77. **The Government (GoDR) recently launched a Water Sector Compact (*Pacto para el Agua*) to begin consultations on reforms framed under its NPSP**. The Water Sector Compact details the issues faced in the water sector (water supply and sanitation (WSS), irrigation, water resource management, hydropower), the priority areas for improvement, the need for legislative changes and institutional restructuring, and the need for public and private efforts to finance investments that could reach up to US$9 billion over the next 15 years. The Water Sector Compact develops the NPSP which identified access to water and safeguarding water resources as a top public policy priority area. The priorities include but are not limited to expanding access and quality of WSS, improving efficiency, and reducing water losses for both water supply and irrigation services, improved water resource and land management within high-priority river basins, and expanding water storage capacity to strengthen water security by rehabilitating and constructing new dams and storage facilities. The NPSP highlights the need for legislative and institutional reforms to improve efficiency and service quality.

78. **The CPF aims at supporting a strong and front-loaded program of policy and institutional reforms to improve the overall management of water resources, including improving the reliability and quality of the water and sanitation services**. The WB's current operational engagements in the water sector include both lending and analytical work. The FY21 Water Supply and Wastewater Services Improvement Project (P171778), and the FY19 Resilient Agriculture and Integrated Water Resource Management Project (P163260) support investments in expanding access to and improving the quality of water supply and sanitation services, improving irrigation services, and strengthening water security in targeted river basins through dam rehabilitation and improved land management. Additionally, the FY23 Dominican Republic Water Sector Modernization program (P177823) proposes a 10-year Multiphase Programmatic Approach (MPA) with two phases. The MPA will use the Program for Results (PforR) instrument, for the first time in the country, to support water sector institutional reforms and improvements in WSS service delivery. Analytical work includes a Quality Infrastructure Investment grant and a Global Facility for Disaster Reduction and Recovery (GFDRR). The IFC is committed to leverage the reform momentum to explore investment opportunities in the water sector. Regarding water and sanitation, the IFC maintains active dialogue with one of the country's largest groups, regarding an aqueduct project in the eastern region of the country with replicability potential in other regions.

Objective 3.3. Improved disaster risk management and asset resilience

79. **Recurrent hurricanes and tropical storms cause high human and economic losses.** Coastal cities—and the country's tourism industry—are threatened from a rise in sea level and the continued loss of coral reefs, mangroves, and wetlands that protect beaches from storm surges. The 2018 SCD recommends that accelerating the design and implementation for managing climate and disaster-related risk be integrated with natural resource management and other risks, including fiscal risks. The GoDR's objective is to pursue policies to mainstream risk management in the public investment and territorial planning processes. MEPyD created in 2021 a directorate under the vice-ministry of Territorial Planning and Regional Development specifically focused on risk management. Further, the Government is strengthening the legal framework for territorial planning and land use at the national, regional, and municipal levels, including by embedding adaptation to climate change, environmental sustainability, and comprehensive risk management. In a second phase, the Government plans to upgrade sector regulations for climate resilience and disaster risk management, for example, norms for seismic risk reduction in the construction sector (2011 regulation). The ongoing Urbanization and Territorial Review (P172715) has noted that poorly planned urbanization is a key driver of disaster risks.

80. **Building on ongoing support for the management of fiscal, physical, and social risks related to disasters, the CPF will continue to provide financing and TA.** A Cat DDO contingent line of credit (P159351 - closed in February 2021) aimed at managing contingent liabilities related to disaster risks, reducing risks in school and health infrastructure as well as in private construction, better understanding disaster risks in the water sector, and mainstreaming disaster risk information in all public investments. TA support is currently being provided to the National Geographic Institute to establish and govern the DR's national spatial data infrastructure to improve access to information for DRM and territorial planning. A proposed second Cat DDO is being prepared and will be linked to the ongoing reforms on territorial planning, climate change, spatial data, housing, adaptive social protection, water, education, and health. Although this Objective focuses mainly on issues related to climate change related events, it might also contribute to building resilience to other adverse events, such as geodetic, health, and man-made crisis risks. Finally, the WB will help the DR access instruments that transfer disaster risks to markets, such as CAT-Bonds or other domestic or international products.

81. **The IFC will promote its Resilience Building Program for the Caribbean (RBPC), which is destined to strengthen the region's ability to cope with and recover from hurricanes and other natural disasters**. The program seeks to promote ex-ante climate resilience with a focus on housing and buildings. The team completed its first diagnostic and market assessment phase in three countries including the DR, and given the positive responses from stakeholders, has progressed to developing the Building Resilience Index (BRI). The Building Resilience Index (BRI) is a web-based hazard mapping and resilience assessment framework, developed by the Excellence in Design for Greater Efficiency (EDGE) team, that will allow stakeholders in the real estate sector, including financial institutions, to identify, mitigate and disclose climate-related risks. A key objective within IFC's Sustainability and Climate Change pillar is the promotion of the Green Building Program. This program is a four-part strategy focused on working with banks, investing directly into the building sector, advising governments on green building codes and incentives, and the Excellence in Design for Greater Efficiency (EDGE)) certification program.

IV. IMPLEMENTING THE FY22-26 COUNTRY PARTNERSHIP FRAMEWORK

4.1 FINANCIAL ENVELOPE

82. **An indicative WB lending program of approximately US$1.8 billion is proposed over the period FY22–26.** The actual volume of IBRD financing will depend on the type of instruments used, program performance, demand from other borrowers, and the WB's financial capacity. Lending will continue to utilize a broad range of instruments successfully implemented in the past, including DPLs, IPFs (with and without performance-based conditions), and will incorporate new instruments such as the PforR, which will help build institutional capacity and improve service delivery. Use of the full range of lending instruments will require the maintenance of an appropriate macroeconomic framework. Commitments under the current portfolio amount to US$397.56 million as of February 2022, under seven active operations, including an Emissions Reduction Payment Agreement (ERPA) which is pending effectiveness.

83. **The IFC's committed portfolio in the DR is the highest among all Caribbean countries (US$341 million).** The portfolio is diversified across the power, telecoms, microfinancing, and banking sectors. It includes significant advisory activity and local currency financing through IFC bond issuances. The IFC is strategically focused on: (i) increasing financial/social inclusion and access to finance, particularly in less developed areas of the country and targeting MSMEs; (ii) improving competitiveness and regional integration; and (iii) supporting investments that mitigate the effects of climate change.

84. **A MIGA guarantee supported the design, construction, operation, and maintenance of a 106-kilometer toll road that connected Santo Domingo with the country's northeastern peninsula**. The project improved road quality and safety conditions, reduced travel times, and boosted job creation. The

project also supported growth in agribusiness, as farmers had faster and cheaper access to markets in the capital. Over the CPF cycle, MIGA in close collaboration with IBRD and IFC, will aim to de-risk foreign investment in the DR, while supporting a green, resilient, and inclusive recovery.

4.2 FINANCIAL MANAGEMENT, PROCUREMENT, PORTFOLIO AND PARTNERSHIPS

85. The legal framework for Public Financial Management (PFM) is anchored in the DR's Constitution. Constitutional provisions define the preparation, presentation, approval, and validity of the General State Budget, the accounting record of operations and internal and external control of public funds. This is supplemented by a comprehensive collection of laws that regulate budgeting, accounting, treasury, debt management and external control. The 2016 Public Expenditure and Financial Accountability (PEFA) Assessment Report highlighted key advances in the budget system (NSPD); the national planning system's articulation of public investment program; the development and implementation of the Financial Management Information System (*Sistema Integrado de Gestión Financiera, SIGEF*) that integrated budgeting, accounting and treasury processes of public sector institutions; and the promotion of fiscal transparency through the systematic publication and dissemination of key fiscal information, including the citizen budget; the consolidation of the Treasury Single Account (TSA) and the preparation of a strategy for mid-term debt management, and the advancement towards the full implementation of International Public Sector Accounting Standards.

86. **Financial management arrangements for the operations have improved: the overall risk to the CPF arising from the DR public financial management system is moderate**. IBRD lending operations fully rely on country PFM systems for budgeting and internal controls, and their accounting and financial reporting has been enhanced using the *Sistema para Unidades Ejecutoras de Proyectos Externos.* This is an IT tool especially designed and built for accounting and financial reporting of externally funded programs that is well integrated into the Government financial management system thereby contributing to more timely and accurate financial reporting. Financial management arrangements are suitably designed to mitigate financial management risks should they arise during project implementation.

87. **While there have been important improvements in the national procurement system in the past years, challenges remain.** The 2016 PEFA Report and the Methodology for Assessing Procurement Systems (MAPS) conducted in February 2016, concluded that only 66 percent of public procurement in 2015 was implemented through competitive methods. Although procurement planning is mandatory and most government agencies advertise their Annual Procurement Plans in the national procurement portal, the 2016 MAPS assessment indicates a lack of integration between procurement planning and budget formulation. With the mandatory expansion of the eProcurement Portal to decentralized government agencies, there seems to be an increase in the use of more competitive methods. A Quick Gains analysis under preparation has identified that national competitive bidding is the preferred procurement method during 2018 through July 2021. The new leadership at the General Procurement Agency has taken consistent actions to improve transparency and efficiency in public procurement, such as increased data-based monitoring and the creation of an in-house early warning system to identify issues in procurement processes. Recent corruption scandals identified by the new administration underscore weaknesses in public procurement, control systems and accountability in the previous administration. The Attorney General's Office in collaboration with the DGCP has identified several major corruption schemes. Further, the Executive has submitted a draft procurement law to Congress, to reform the current Public Procurement Law, including important features for efficiency such as the introduction of Framework Agreements. The current administration's commitment to transparency and efficiency in the Public Procurement System represents a major mitigating factor for the procurement risks.

88. **The overall risk to the CPF arising from the DR public procurement system is Substantial.** The WB is currently helping the DGCP to support the public procurement reform and improvements to transparency and accountability through the review of the draft Procurement Law, support to the implementation of Framework Agreements, and expanding data usage to improve transparency and accountability. The Government procurement systems and legal framework do not affect implementation of WB-financed projects and country systems are not used in procurement.[i] The WB continues to invest in supervision and capacity building in procurement, through a local Procurement Specialist in place at the DR CO and ongoing training provided to PIUs for the implementation of WB funded projects.

89. **Managing Program Implementation.** The portfolio's biggest challenge is delays in project effectiveness, given the need for project endorsement by Congress. Portfolio reviews are being conducted semi-annually, with a strong commitment from the MEPyD, MoF, and the line ministries. The IFC will continue to invest in private sector players that will contribute to job creation, financial sustainability and high growth potential and development impact. Plans to enhance citizen engagement across the WBG portfolio are advanced, including the adoption of citizen scorecards and the promotion of smart digital solutions (within the portfolio) to reduce the information gap and promote opportunities for citizen feedback on the quality of public services, as well as social audits and third-party monitoring.

90. **Engagement will continue to enhance the Government's monitoring and evaluation capacity.** The National Statistical Office (*Oficina Nacional de Estadística*, ONE) is the governing body of official statistics in the DR. The National Monitoring and Evaluation System, created by Decree 267-15 in 2015, is currently under implementation. The WBG supported the creation of the Poverty Technical Committee (Decree No. 112-15) and has been an active participant, providing technical support for the definition of the official poverty methodology and on issues of poverty measurement and analysis. However, data production and monitoring and evaluation systems are still very weak in the DR, relative to its income level (the WB Statistical Performance Indicators ranks the DR in the same tier as Ghana, Senegal and Myanmar, and behind other LAC peer countries).

91. **International development partners coordinate efforts to support the Government's program**. The WBG welcomes collaboration opportunities to ensure maximized collective technical and funding support. MEPyD effectively coordinates international cooperation towards national priorities, and all partners work closely with its senior leadership. In terms of portfolio footprint, the IDB is the largest partner funding key national investments in energy, skills development, social protection, and health. Other partners include the CABEI, the European Investment Bank (EIB), United Nations (UN) Agencies, the European Union (EU); and the development cooperation agencies of Spain (Spanish Agency for International Development Cooperation, AECID), France (French Development Agency, ADF), Germany (German Agency for International Cooperation, GIZ), Japan (Japanese International Cooperation Agency, JICA), and the United States (US Agency for International Development, USAID). Development partners' support include energy, water, transport, human development, institutional building including PFM, and natural resource management.

V. MANAGING RISKS TO THE CPF FRAMEWORK

92. **The overall residual risk to achieving the proposed program objectives is Substantial.** Using the WBG's Systematic Operations Risk-Rating Tool (SORT), three risk categories warrant a Substantial rating, as discussed below. The risks associated with the fragile situation in Haiti (under "other" category) are also summarized below. The partnership between the Government and the WBG is longstanding and stable. These risks will be monitored continuously throughout the implementation of the CPF.

Table 3: Risk Rating

Risk Categories	Rating (H, S, M, L)
Political and Governance	**S**
Macroeconomics	**M**
Sector Strategies and Policies	**L**
Technical Design of Project or Program	**M**
Institutional Capacity for Implementation and Sustainability	**S**
Fiduciary	**S**
Environmental and Social	**M**
Stakeholders	**L**
Other	**L**
Overall	**S**

93. **Political and Governance Risks** - Critical laws and regulations that are steppingstones to advance key development issues can be delayed due to lack of political consensus. Critical reforms supported by the CPF require swift consensus building and approval to guarantee smooth sequencing and implementation. To mitigate these risks to key reforms, the Government will launch national dialogues, while leveraging technical support from international partners, including the WB. The WB-financed operations could also experience delays in the Congressional approval process, which may negatively affect results. This risk is partially mitigated by the WB's open, transparent, and active dialogue with Congress. Finally, considering that this CPF will cover a five-year period, there is a risk that the 2024 and 2028 electoral cycles might impact the implementation of the program and preparation of new operations. To mitigate this risk, the WBG will remain flexible and may adjust the program and instruments to emerging priorities that recognize political developments, new challenges, and institutional capacity constraints in the Performance and Learning Review (PLR) of the CPF. The PLR will provide an opportunity to readjust the program should it deviate from its expected course.

94. **Institutional Capacity for Implementation and Sustainability Risk.** Prior reforms in core operational engagements proposed by the CPF have been approved but not successfully implemented, which suggests low capacity and/or weak ownership. To mitigate these risks, the WB will help build a track record on implementation prior to launching major support, as has been the case for the electricity sector reforms. The WB will also help strengthen the capacity of Project Implementation Units.

95. **Fiduciary Risk.** The overall integrated fiduciary risk to the CPF is Substantial, albeit some challenges remain in the government's public procurement system. Under previous CPFs, the government procurement systems and legal framework did not affect implementation of WB-financed projects, as country systems were not used in procurement. However, instruments such as the PforR will require improvements to transparency and efficiency, some already underway. To mitigate procurement risks, the WB has been providing support to the DGCP in the review of the draft Procurement Law to ensure improvements in transparency and accountability, introduction of Framework Agreements, and to foster an expansion of data usage for better analysis and accountability. The WB is also undertaking a study on purchasing practices with the objective of making recommendations for quick wins (Quick Gains Analysis).

96. **Fragile situation in Haiti.** Haiti's situation continues to pose a potential risk for the DR. Continued economic and political volatility and social unrest could have social and economic spillovers in the DR, including through a potential refugee crisis. The WB will continue to monitor the situation closely and liaise, whenever necessary with the Haiti country office as well as with the local authorities.

Annex 1. Results Matrix – Dominican Republic CPF Results Matrix (FY22-26)

High-Level Outcome 1 (HLO-1) Improved access to quality public service delivery		
This HLO aims to improve access to quality public services with emphasis in the B40, indirectly, by supporting ongoing and planned reforms to improve fiscal space, and directly by reforming electricity, safety nets and health care services.		
High-Level Outcome Indicators	**Data Source**	**Current Value**
• Fiscal Policy Impact on poverty[xxi] • System Average Interruption Duration Index per circuit (SAIDICKT) • Quality of Life Index • Improvement in the Global Health Security Index (GHSI)	• World Bank, CEQ Institute and Ministry of Planning and Development. • Ministry of Energy and Mines • WB calculations based on the Unified Registry of Social Program Beneficiaries *(Sistema Único de Beneficiarios,* SIUBEN)(https://siuben.gob.do/) • Global Health Security Index (GHSI) rank (https://www.ghsindex.org/)	• Fiscal policy reduced national poverty rates by 1.3 pp in 2018 • 80 for urban network and 185 for rural network in 2022 • Headcount ratio of households in ICV1/ICV2 was 30 percent in 2020 • Global Rank 91/195; Rank for LAC 13/33

High-Level Outcome Description.

Rationale. Despite gains in GDP per capita, the quality, inclusiveness, and sustainability of basic public services is dragging living standards to levels similar to the LAC region's poorest countries (see Section 2.3 and Annex 11). Concerns regarding the electricity sector are paramount, as they affect firms, particularly the smaller ones, and individuals, particularly the poorest households. At the same time, COVID-19 highlighted the need to continuously invest in primary health and social protection systems, to increase their responsiveness to shocks. The first Objective under HLO-1 focuses on creating the needed fiscal space to ensure sustainability in service delivery across levels of government, the remaining two Objectives directly tackle institutional issues to improve efficiency in three basic services. Other critical and equally lagging services are education, water, and sanitation, which will be addressed under HLO-2 and HLO-3, respectively.

WBG engagement. Through the previous CPFs the WBG has supported the Government in implementing key reforms in the energy, health, and social protection sectors that have contributed to expanding access to services. In the upcoming period, key challenges that will be addressed include achieving quality and sustainability in electricity and safety nets, as well as improving health care. Full deployment of IBRD, IFC, and MIGA financial instruments, complementing each other and contributing to significant Private Capital Mobilization in the electricity sector in expected. TA and analytical work are timed to help with the design or implementation of reforms.

Lessons learned, new knowledge, and knowledge gaps. Lessons learned from reform experiences that have not been successful suggest that a coherent framework and path addressing key issues in the sector is needed; and reforms and investments should be complemented by analytical work and technical assistance that can help strengthen the content of policy actions and monitor their impact during implementation. The WBG engagement is anchored in key instruments such as the Electricity Pact, that lays out a detailed roadmap for reform. Additionally, the WBG has frontloaded knowledge activities that have contributed to the dialogue and preparation of interventions.

SDG Associated. HLO-1 relates to SDG1 – Poverty eradication; SDG2 – Health and Wellbeing; SDG6 – Water and Sanitation; SDG7 – Efficient and clean energy; SDG10 – Reducing Inequity; SDG16 – Peace, Justice and Solid Institutions.

CPF Objective 1.1: Improved fiscal space and public spending efficiency
Previous CPF Objectives: 4.1 a more efficient, effective, transparent, and sustainable management of public resources at the national and local level; 4.2 enhanced civil society capacity in budget analysis and oversight
Intervention Logic. **Rationale for the CPF Objective and WBG Engagement.** At 13 percent of GDP in domestic revenue mobilization, the DR state is too small to offer quality basic public services (e.g., health, education, safety nets, water and sanitation). There is, thus, a pressing need for enlarging the size of the state's fiscal space that is currently compressed by, among others, substantial interest rate bill payments that accounted for one-fifth of tax revenues in 2019. A recently completed PER offered options to improve revenue (second lowest in LAC after Guatemala) and reduce inefficient subsidies (e.g., electricity, water, urban transport); while a debt management TA is expected to help spread out repayments and reduce foreign exchange risks. Further, a recent Territorial Review highlighted the need to decentralize planning, improve spending capacity at local levels and, eventually, decentralize some tax powers. Together, these offer options for the authorities to develop, either a comprehensive Fiscal Pact to create fiscal steps if political conditions permit it, or step by step fiscal reforms. The WBG could support the further design and implementation of these reforms through future DPFs (e.g., on fiscal issues), IPFs and/or ASA support (including an ongoing Infrastructure Assessment (InfraSAP 2.0) to assess public investment needs in transport and digital development). The Ministry of Public Administration has expressed interest in an IPF operation to support horizonal reforms to service delivery, together with the improvements of key public services or procedures for citizens or firms. **Lessons Learned and New Knowledge.** Extensive consultations with political, social, and economic stakeholders are critical to ensuring that the Government will move forward with important reforms such as electricity and tax policy, particularly considering their political and social sensitivity. In terms of knowledge gaps, they include: (i) better understanding of the underlying factors (e.g., of expenditure inefficiencies); (ii) deeper the analysis on spatial inequalities; and (iii) socio-political factors constraining the implementation of tax reforms. **WBG Ongoing and Planned Support**. As a spin off to the recently completed Public Expenditure Review (P164680), Fiscal Incidence Study, and Urban and Territorial Urbanization Review, the WB is providing TA on fiscal incidence of tax reforms and on the overall system of property taxation. In addition, the WB is helping MEPyD estimate regional GDP and is preparing a Country Economic Memorandum. Also, through an Identification for Development Diagnostic (ID4D) the WBG is reviewing the identity ecosystem in the country, including existing ID systems, and identifying gaps and opportunities for improvement. An InfraSAP2.0 study is also being developed to provide a comprehensive evaluation of infrastructure needs in the country and identify relevant policy and investment gaps and policy shortfalls, as well as opportunities for private sector participation. **Key Risks and Mitigation.** A Fiscal Pact is under discussion, including revenue enhancing and spending efficiency measures, but its approval can be derailed by key vested interest. If this is the case, the authorities will most likely proceed with a piece-meal implementation of reforms. On the public administration reform side, the already requested IPF might not materialize for lack of broad ownership or, simply, lack of fiscal space.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
Objective Indicator 1: Fiscal savings from sector reforms (electricity, safety nets, transport, water) **Baseline (2020):** 14.3% of tax revenues. **Target (2025):** 11% of tax revenues. **Source:** Ministry of Finance, P175874	**Progress indicator 1.1.** Statistical Performance Indicator on pillar 4 (about Data Sources) **Baseline (2019): 34** **Target (2025): 40** **Source:** World Bank	**Ongoing Financing** RETF – Community Participation in How is my School Doing Project (P167958) **Financing Pipeline** FY22 and FY23 Electricity Sector Reform Program, DPF Series of 2, (P175815 & P178570) Citizen and Business Centric Service Delivery Project IPF (FY23) **Ongoing ASA** Strengthen Citizen Engagement and Transparency to Improve the Delivery of Public Services (P159392) ID4D – Country Diagnostic (P171592) InfraSAP2.0 study in Dominican Republic and Costa Rica (P177482) Country Economic Memorandum (CEM P176709) **ASA Pipeline** Digital Economy Assessment **IFC Financial and Advisory Products:** N/A **MIGA Guarantees:** N/A

CPF Objective 1.2. Enhanced efficiency in electricity

Previous CPF Objectives: 1.1 improved efficiency and reliability of the electricity sector; 1.2 improved connectivity through the deployment of a national broadband backbone between the main city of several provinces; 1.3 energy diversification.

Intervention Logic

Rationale for the CPF Objective and WBG Engagement. Poor performance of the Dominican Republic's electricity sector is a major impediment to a sustainable and inclusive recovery. The electricity sector is characterized by precarious and economically inefficient supply, absence of real competition in generation, frequent outages, and a financially unsustainable distribution segment that requires large subsidies from the central government. A DPF series of two operations is helping the authorities lay the foundation to improve governance (roles and responsibilities of different government actors), institutionality (e.g., least cost planning, tariff setting, subsidy policies) and to attract private sector participation in the distribution and generation sectors (renewable for the latter). The DPF is being supported by an ongoing IPF.

Lessons Learned and New Knowledge. Given the importance of having a coherent framework and path addressing key sectorial issues, the interventions proposed in this CPF are anchored in the Government's efforts to implement a credible reform of the electricity sector. The recently signed Electricity Pact is a detailed action plan that the Government has adopted as a roadmap for implementing the reform, under the premise that a financially and environmentally sustainable electricity sector is critical to the achievement of the Government's longer-term development goals of boosting sustainable growth, accelerating job creation in the formal sector, and strengthening social and environmental protections. Additionally, the WBG is supporting the Government through just in time advisory and analytical critical for the implementation and monitoring of the reform. This work is carried out jointly with other development partners.

WBG Ongoing and Planned Support. The WB will support the Government in upgrading the policy foundation for the electricity sector through a reform program to be supported with financing and ASA. A DPF series was designed around three pillars: (i) Strengthening sector governance; (ii) Enhancing climate resilience and social and environmental sustainability; and (iii) Improving the financial self-sufficiency and operational performance of the electricity sector. The ongoing IPF operation in electricity finances the rehabilitation and upgrading of distribution circuits and improvements in environmental, social, commercial and risk management. Finally, the WB is providing technical assistance on loss reduction, tariff/subsidy reforms and NDCs.

Key Risks and Mitigation. Reforms in such a sensitive and complex sector need to be carefully sequenced and implementation carefully monitored. Additionally, there is also a risk that political support may decrease over time since establishing a strong record of accomplishment of policy and regulatory enforcement will take time. On the mitigation front, substantial TA is being provided by the WB and other development partners to inform the design and implementation of the reforms; additionally, the WBG will remain flexible and adjust the program and instruments to emerging priorities that recognize political developments, new challenges, and institutional capacity constraints.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
Objective Indicator 2. Electricity distribution losses (electricity invoice / electricity injected in the distribution network) **Baseline (2020):** (33.5 %). **Target (2026):** 21.1%). **Source:** P175874 **Objective indicator 3.** New renewable energy capacity **Baseline (2021):**0 **Target (2026):** 500 megawatt **Source:** Ministry of Energy and Mines (MEM), P175874 **Objective indicator 4.** Share of the cost of efficient service provision recovered by end-use electricity tariffs (percentage) **Baseline (2020):** 60 **Target (2024):** 80 **Source:** Ministry of Finance (MoF), P175874	**Progress indicator 1.2** The objectives and processes to carry out systematic indicative least-cost generation planning in accordance with targets for increasing renewable energy deployment and reducing carbon emissions have been defined **Baseline (2022):** No **Target (2024):** Yes **Source:** MEM, P175874	**Ongoing Financing** FY21 Distribution Grid modernization and Loss Reduction Project (P147277), $120m. **Financing Pipeline** FY22 and FY23 Electricity Sector Reform Program, DPF Series of 2, (P175815 & P178570) **Ongoing ASA** TA on loss reduction, tariff/subsidy reform and NDC targets. (P147277, P173083) **ASA Pipeline** TA on options to increase private participation in the distribution sector, improve the sector's regulatory framework and establish a path toward cost-reflective tariffs. TA to the development of the "National "Least Cost Generation Expansion Plan" Support the implementation of the Energy Efficiency Act. **MIGA Guarantees** N/A

Objective 1.3: Enhanced coverage and quality of health and safety nets

Previous CPF Objectives: 5.3 improved primary maternal health care for targeted women; 5.4 improved vaccination rates for children according to quality standards in at least three regions of the country; 5.5 access to improved sanitation services for mostly poor people in the Puerto Plata area.; 5.6 Improved social protection coverage of and support to extremely poor households in high poverty provinces

Intervention Logic

Rationale for the CPF Objective and WBG Engagement. The B40 and other vulnerable populations need sharper social protection systems and public and primary health-care services. Safety nets have steadily progressed for over a decade, but their institutional foundations are still to be consolidated (e.g., regulatory/legal framework, roles and responsibilities, eligibility criteria, monitoring and evaluation system). Furthermore, to increase efficiency, less impactful programs should be phased out while scaling up those in greatest demand. Despite continuous efforts, the quality of health care and health outcomes is lagging, as evidenced by high maternal and child mortality rates and an increasing share of noncommunicable diseases, a situation that has been exacerbated by the COVID-19 pandemic.

Lessons Learned and New Knowledge. Key lessons from the DR COVID-19 Crisis Response Support DPF (P174145) suggest that a well-established social protection system allowed the Government to effectively support the poor, especially in the rural areas, and provide the right environment for rolling out a quick COVID-19 response. However, to consolidate the system, there is a need to develop: (i) strategies targeted to the vulnerable, especially the informal, women, youth, and urban households; and (ii) policies to link the non-contributory pillar (social assistance programs) with productive inclusion interventions, or active labor market programs, and overall, with the contributory pillar**.** This will involve ensuring exit strategies from social assistance programs to labor market policies consistent with the continuity of protection toward securing access to employment.

WBG Ongoing and Planned Support. The WB has supported the development of safety nets in the DR for the last fifteen years, and the current Integrated Social Protection and Promotion Project (P147213) which closes in FY23, has contributed to providing an integrated package of services for low-income households in 14 targeted provinces. This CPF aims to strengthen linkages between "*Superate*" and labor market intermediation programs in urban areas, and with small agriculture and family farmers living in poverty and extreme poverty in rural areas. It can also help improve the national social registry SIUBEN. In public health, considering the time that has elapsed since the WBG's last engagement and the impacts of COVID-19 in the sector, a set of analytical pieces will need to be frontloaded to better understand how the WBG's knowledge and comparative advantage can support the current administration. During the PLR stage the scope of the engagement in the sector will be reassessed.

Key Risks and Mitigation. In the context of COVID-19 and other emerging challenges such as climate change, the social protection and health sectors are under high stress, which may further deteriorate the already fragile capabilities. Mitigation efforts include the following: on social protection the dialogue with the Government is strong and the WBG is well suited to continue supporting this agenda. On health, considering the time that has elapsed since the WBG's engagement, there is still work to be done to better understand how the WBG's knowledge and comparative advantage can support the current administration.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
Objective indicator 5: Vulnerable families benefiting from BonoLuz (number) **Baseline (2020):** 330,000 **Target (2026):** 900,000 **Source:** P175874 **Objective indicator 6:** Increased coverage of the Single Beneficiary Selection System (*SIUBEN, Sistema Unico de Beneficiario*), to capture better vulnerable population. **Baseline (2022):** 65% of the Dominican households **Target (2024):** 80% of the Dominican households **Source:** *Superate* Program **Objective Indicator 7:** Improved health information system coverage across primary care and reporting for decision making (epidemiological surveillance and case-treatment information) **Baseline (2022):** TBD **Target (2024):** TBD **Source:** Ministry of Health **Objective Indicator 8**: Percentage of the immigrant population affiliated with National Health System (*Sistema Nacional de Salud, SENASA*) **Baseline (2021)**: 899.35 **Target (2024)**: 2,094.72 **Source**: SENASA, SIUBEN	**Progress indicator 1.3** Revised beneficiary criteria to improve the targeting and coverage of BonoLuz. **Baseline (2022):** No **Target (2023):** Yes **Source:** Social Cabinet, *Superate* Program **Progress Indicator 1.4:** Percentage of key health staff trained on the use of digital tools to improve data and health information production, analysis, and dissemination **Baseline (2022)**: 0 **Target (2024)**: (at least 40%) **Source**: Ministry of Health	**Ongoing Financing** Integrated Social Protection and Promotion Project, IPF (P147213). **Financing Pipeline:** Social Protection Reform Program, IPF **Ongoing ASA** Towards an Adaptive Social Protection System in the Dominican Republic (P177211) Public Health Pandemic Preparedness and Response Capacity (P177199) Health System through Digital Data and Information Systems (P178396) **ASA Pipeline** Social security coverage and Labor Inclusion of Migrants Strengthening institutional and statistical capacity for improved multisectoral response to migratory flows. **MIGA Guarantees** N/A

High-Level Outcome 2 (HLO-2). Increased number of high-quality jobs		
This HLO aims to increase the quality of jobs by enhancing education and training quality; strengthening the private investment climate; and increasing access to finance for underserved groups and infrastructure.		
High-Level Outcome Indicators	**Data Source**	**Current Value**
• Reduction in Labor Market Informality • Labor Productivity index (2007=100) • Gender Gap Index	• Dominican Republic Central Bank • Competitiveness National Council. https://cnc.gob.do/phocadownload/INP-2019/INP-2019.pdf • 2020 Gender Gap Index of the World Economic Forum https://www.weforum.org/reports/global-gender-gap-report-2021	• 54.5% of total employment in 2020 • Index (2007=100) = 115.4 in 2017 • Rank 89 out of 144 in 2020

High-Level Outcome Description

Rationale. Moving into an accelerated pace of growth and job creation will require: (i) raising the quality of basic education and workforce skills, (ii) a modern investment climate that levels the playing field across firms, and (iii) deepening financial markets to promote access to SMEs, especially for women entrepreneurs, and households.

WBG engagement. On education, efforts will continue to focus on enhancing the quality of education, by addressing foundational learning gaps in basic education, an area where the country lags well behind relative to peers. Additionally, the CPF aims at upgrading skills in enterprises to improve labor productivity in the short to medium-term, and on scaling up the training programs for social safety net beneficiaries under the ongoing Social Safety net IPF. On investment climate, to improve competitiveness and productivity, the WB will be providing support to the Government to help pave the way for a greener, more resilient, and more inclusive growth. Activities under the CPF include TA in support of the Government's National Industrialization Strategy 2020 – 2024 (ENI) and the National Nearshoring Strategy. In the financial sector, the IFC is providing lines of credit to SMEs, while the WB is helping to deepen the mortgage market, which should help lower middle-class access to housing. Both IFC and the WB are helping to green the financial markets.

Lessons learned, new knowledge, and knowledge gaps. In the past decade, significant investments in the education sector have focused on expanding access to education and investing in infrastructure; however, this has not translated into improved learning. Additionally, there has been limited engagement in the financial sector in the DR. There is currently a clear window of opportunity to support structural reforms and initiatives towards the deepening of financial intermediation in the DR. The forthcoming National Strategy for Financial Inclusion in the country sets a roadmap for policy and institutional reforms and strengthening initiatives to further promote access and usage of financial services among the underserved.

SDG Associated. HLO-2 relates to SDG4 – Quality of Education; SDG8 – Decent Work and economic opportunities; SDG12- Responsible production and consumption.

CPF Objective 2.1. ***Enhanced quality of education and training***
Previous CPF Objectives: 5.1 improved quality of teaching through better teacher policies; 5.2 improved quality of learning through implementation of a robust student assessment system; 5.6 improved social protection coverage of, and support to extremely poor households in high poverty provinces; 5.7 increased incomes and employment rates among participants in the expanded Temporary Employment Program
Intervention Logic **Rationale for the CPF Objective.** Strengthening institutions to foster human capital is critical to enhancing productivity and welfare. While the Government has significantly improved access to education in recent decades, the quality of education and the equity in learning outcomes still vary enormously, which hampers the country's overall economic growth potential. At 0.50, the Human Capital Index is much lower than the average value of 0.56 observed in the region, despite the DR's is classification as an upper-middle income country. The main contributor to the low human capital levels in the DR are the poor learning outcomes. This national human capital index also masks significant differences in social outcomes across regions in the country. **Lessons Learned and New Knowledge.** Although supported investments have been anchored in a strong policy framework (e.g., *Pacto Nacional de la Reforma Educativa 2014-2030)* a key barrier to translating policy into practice has been the frequent changes within the Ministry of Education's political and technical leadership. During the coping phase of the crisis, the DR has been working around the clock to create, adapt, or expand the use of existing educational platforms that can help in the design and implementation of distance learning initiatives. Most of the efforts on this front have been focused on developing multi-modal distance learning initiatives that can be accessible through a broad range of technologies and printed material (e.g., radio, TV, on-line, text messages, audio messages). **WBG Engagement.** The WB has supported investments in the education sector over the last decade, focusing primarily on expanding access to education, extending the school day, and investing in infrastructure. However, investments have not translated into learning improvements. Moving forward - while this focus will be retained – the proposed CPF engagement is ready to deploy new analytical and financial products to support post-secondary level initiatives, as well as gender equality initiatives at all levels. **Key Risks and Mitigation.** Before the COVID-19 crisis, the average learning-adjusted years of schooling in DR was 6.3. After the COVID-19 crisis, it is expected that the learning-adjusted years of schooling will be between 5.4 years of adjusted schooling[xxii]. The temporary closure of schools and other educational institutions in DR affected 3,006,800 students – 299,149 (pre-primary), 1,226,414 (primary), 924,714 (secondary), and 556,523 (tertiary). Additionally, the AF for the Support to the National education Pact was cancelled because it failed to become effective. On the mitigation front, the WBG will keep an open dialogue with the Government to re asses the needs understand how the ongoing and future work can be aligned to their priorities.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
Objective indicator 9: Percent of children in 3rd grade achieving satisfactory levels in Spanish in the DR's national standardized test. **Baseline (2017):** 12% **Target (2026):** 20% **Source.** Ministry of Education **Objective indicator 10**: Percentage of *Superate* participants that graduate from formative actions for economic inclusion maintained yearly **Baseline (2022):** 7.4% **Target (2024)**: 7.4% (at least) **Source:** *Superate* Program	**Progress indicator 1.5:** Strengthening of data system to measure disability inclusion in education **Baseline**: TBD **Target**: TBD **Source:** Ministry of Education	**Ongoing Financing** Support for the National Education Pact Project (P146831) **Financing Pipeline** N/A **Ongoing ASA** N/A **ASA Pipeline** N/A Assessment of Data system to measure disability-inclusion in Education **IFC Financial and Advisory Products** N/A **MIGA Guarantees** N/A

CPF Objective 2.2. ***Improved Investment Climate***

Previous CPF Objectives: 1.1 an improved climate for doing business for microenterprises and SMEs; 1.2 improved access to finance.

Intervention Logic

Rationale for the CPF Objective. Despite the country's macroeconomic performance, persistent structural challenges hinder productivity and competitiveness. These are manifested in a sharp fall in the exports-to-GDP ratio, increasing sectoral concentration of both exports and FDI, and low marginal FDI spillovers that prevent the anchoring of MSMEs to global value chains. The export portfolio is undiversified and increasingly dependent on a small number of low value-added sectors. While FDI significantly contributes to the DR's economic performance, it also mirrors the sector concentration in exports. As a result, over the past two decades, the DR's level of integration in global value chains has stagnated at a much lower level than comparator countries. In fact, the DR's global value chain intensity was among the lowest of any countries with 2018 data available, below most countries with similar income levels[xxiii]. Additionally, the Government has embarked on an ambitious reform to make bureaucratic systems more efficient, agile, transparent in response to user (citizen and business demands). It aims to do so by implementing a one-stop-shop administrative platform that can interconnect information, data, and forms under a framework of protection, ethics, and cybersecurity, as well as avoiding duplication of documents.

Lessons Learned and New Knowledge. The COVID-19 pandemic has created the opportunity to accelerate the digital transformation process and for SMEs to embrace the digital culture and take advantage of the new business opportunities. Also, government initiatives like "Burocracia Cero" (framed within the Law 167-21 on Regulatory Improvement and Simplification of Procedures) aimed at reducing red tape for business and citizens are fostering an environment that promotes increased productivity and competitiveness. For example, the Government is introducing measures to centralize the management and processing of permits, licenses and certifications required for an investment project in DR, through digitalization, interoperability, and simplification of processes "tramites" to fast-track approval of projects.

WBG Engagement. An ongoing TA is analyzing ways to strengthen DR's FDI and Export promotion to attract higher value chains (Strengthening Dominican Republic's Inclusive and Sustainable FDI and Export Growth, P177705). Also, an ongoing Country Private Sector Diagnostic also offers a unique opportunity to carry WB/IFC joint assessments and consultations, and to closely coordinate ongoing TA and broader programs, with the goal of underpinning the overall rationale of the productivity growth and competitiveness agenda in the DR. The WBG will also explore opportunities to support the digital and cybersecurity agenda through a Digital Economy Assessment in FY22/23, as requested by the Government through the OGTIC. Finally, investment operations can support the DR in increasing and diversifying sustainable exports and jobs, with a special focus on inclusion, resilience, and the emerging green economy.

Key Risks and Mitigation. Resistance to simplification of investment incentives is high and can block reforms to the business regulatory context needed to boost backward linkages, the convergences in productivity, and more sophisticated and inclusive exports. On the mitigation side, WBG will make sure to provide TA and investments that are based on analytically underpinned dialogue and consultation with the private sector, to help draw a roadmap for a gradual enhancement of competitiveness and productivity of firms inside and outside the Special Economic Zone regimes. For the reforms that the Government is proposing to succeed, there needs to be an elevated level of coordination, clear definition of roles across public institutions and GovTech investments. On the mitigation front, the WB's ongoing TA and potential investment project will help the Government set common standards for the delivery of services by public agencies, defining data registry requirements across public organizations, reviewing, and simplifying existing procedures and promoting the use of digital platforms.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
Objective indicator 11: Investment Incentives rationalization **Baseline (2021):** 2.32 % of GDP **Target (2025):** 1.9 % of GDP **Source:** Ministry of Finance (report on tax expenditures – baseline takes all tax expenditures save for VAT) **Objective indicator 12**: Number of companies benefiting from improved and modernized government services **Baseline (2021):** 0 **Target (2025):** 300 **Source:** Ministry of Public Administration **Objective Indicator 13.** Financial Institutions with implemented digital transformation strategy **Baseline (2022):** 0 **Target (2025):** 1 **Source:** Superintendency of Banks	**Progress indicator 1.6:** Adoption of investment promotion strategy and establishment of an interinstitutional mechanism for investment attraction **Baseline (2021):** No **Target (2025):** Yes **Source:** Ministry of Industry **Progress indicator 1.7.** improved SME classification tool to facilitate linkages and improve matchmaking between foreign firms and domestic SMEs linkages (Y/N by 2028). **Baseline (2018):** No **Target (2025):** Yes **Source:** Ministry of Industry **Progress indicator 1.8**: number of industrial parks adopting decarbonization and circular economy measures **Baseline (2021):** 0 **Target (2026)**: 2 **Source:** Ministry of Industry	**Ongoing Financing** N/A **Financing Pipeline:** Citizen and Business Centric Service Delivery Project IPF (FY23) **Ongoing ASA** Programmatic ASA on export and FDI growth (P177705) Country Private Sector Diagnostic (CPSD) (P177705) **ASA Pipeline** TA on Trade and on FDI (Subtask under the PASA) TA on Circular Economy and Eco-Industrial Parks Survey on technology uptake in SMEs (based on survey conducted globally on topic by WB) IFC Advisory Digilab finance to support digital transformation of FIs

CPF Objective 2.3. ***Increased mobilization of finance for underserved groups and infrastructure***

Previous CPF Objectives: 1.1 an improved climate for doing business for microenterprises and SME's 1.2 improved access to finance

Intervention Logic

Rationale for the CPF Objective. Despite the expansion in recent years, further progress remains to be made in financial intermediation and financial inclusion in the DR, particularly towards women, lower income groups, and rural households. Insufficient access to finance, particularly for MSMEs, is a major obstacle to investment, growth, and inclusion. MSMEs are an important source of job creation in the DR. Two of every five formal jobs in the pre-pandemic labor force were generated by firms with less than 150 employees. This figure is significantly larger when considering informal activity. Surveys discussing main constraints faced by MSMEs impeding growth and survival revealed that the second most critical issue was inadequate access to financial resources. IFC lines of credits should enhance financial access for SME and women, while a WB IPF under preparation is expected to deepen mortgage markets (while increasing access to housing). The IFC and the WB are also providing TA on the structuring of PPP projects, which should help attract private financing for infrastructure.

Lessons Learned and New Knowledge. The DR's current administration has the clear objective of addressing the housing deficit through credit enhancement mechanisms and a just-in-time technical support provided by the WBG was critical to fill knowledge gaps as it highlighted the need for a broader, more holistic housing approach, that is based on enhancing the creditworthiness of low-income households. This evidence helped the Government advocate for an increased housing budget and became a steppingstone for the preparation of a WBG operation in the sector.

WBG Engagement. IFC will continue to provide credit lines for women-owned SMEs (via intermediary lending) and enhanced support to female micro-entrepreneurs through partner financial institutions, thus lifting financial constraints to underserved groups, while a WB ASA on consumer protection should also contribute to this goal. A new IPF lending operation "Support to the National Housing Program" (P176581) would provide credit enhancements to deepen mortgage markets, particularly for low-income households, which will also be able to own property and, hence, increase creditworthiness. Additionally, the Project would support creating an enabling environment and a market in which the private sector can gradually go down market.

Key Risks and Mitigation. The CPF ventures into new areas such as housing and the financial sector. On the housing interventions, the lack of policy and the institutional weaknesses may hamper the good implementation of the project. On the mitigation front, essential elements will include continued support through TA to strengthen the implementation, as well as continued portfolio supervision. On the financial sector interventions, there has been limited engagement from the WBG, but there is currently a clear window of opportunity to support structural reforms and initiatives towards the deepening of financial intermediation in the DR. On the mitigation measures, constant reassessment of plans will be considered, to assure alignment with government priorities. The PLR will also provide a good vehicle for changing course should the program diverge from its expected course.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
Objective indicator 14 Number of female-headed households (FHH) (number) with access to housing financing **Baseline (2021):** 0 **Target (2026)**: 44,000 **Source:** P176581 **Objective Indicator 15.** Amount (US$) of mortgage financing that the National Housing Program leverages **Baseline (2021):** 0 **Target (2026):** 500 million **Source:** P176581 **Objective Indicator 16.** Number of PPP projects supported through TA or financial products by IFC/MIGA or IBRD **Baseline (2022):** 0 **Target (2026):** 2 **Source:** General Directorate of Public-Private Partnerships (*Dirección General de Alianzas Público Privadas*) **Objective Indicator 17.** Lending to SMEs and women as register in the IFC Development Outcome Tracking System (DOTS) **Baseline (2020):** 170,000 **Target (2026):** 200,000 **Source:** Basic Development Outcome Tracking System (IFC DOTS) **Objective Indicator 18.** Facilitate at least US$ 20 million in green financing by 3 years post-completion **Baseline (2022):** US$0 **Target (2026)**: US$20 million **Source:** Securities Market Regulator and Superintendency of Banks. **Objective Indicator 19.** Development and implementation of a green taxonomy framework for capital markets and financial institutions **Baseline (2022)**: No **Target (2026):** Yes **Source:** Securities Market Regulator	**1.9. Progress indicator**: Number of households with persons with disabilities with access to formal housing **Baseline (2021): 0** **Target (2026): 71,280** **Source:** P176581 **1.10. Progress indicator**: Value of outstanding MSME financing to women (US$) **Baseline (2020):** (US$) 71 million **Target (2026):** (US$) 80 million **Source:** Ministry of Industry	**Ongoing Financing** N/A **Financing Pipeline** Support for the National Housing Program (IPF – US$100M) (P175581) **Ongoing ASA** Financial Consumer Protection (Superintendency of Banks) (P176491) Greening the Financial Sector (Central Bank) (P177473) Enhancing Resilient Territorial Development in the Dominican Republic (P172715) **ASA Pipeline** Strengthening Banking Supervision AML/CFT TA to CARIFORUM (P168036) **IFC IS and ASA Engagements** Financing support to ADOPEM to expand local currency lending to microentrepreneurs, focus on gender Financing support to BHD León through 4 projects; support SME growth portfolio, short-term line for working capital. Advisory Digilab finance to support digital transformation of FIs Advisory Green Caribbean Framework with capital markets regulator (SIMV). IFC Advisory pilot program on derivatives market development.

High-Level Outcome 3 (HLO-3). Increased resilience to climate change		
This HLO is about increasing the DR's capacity to manage its natural resources and take sustainable actions on climate change. The country needs to create greener and more resilient systems, which include developing resilient agriculture practices, improving its water resource management, and setting the foundations for the development and protection of its blue economy assets.		
High-Level Outcome Indicators	**Data Source**	**Current Value**
• Increase in Coping Capacity Risk Hazard and Exposure, Vulnerability • Increase in the Water Potability Index	• INFORM risk, Country Profile • MEPYD, National Multi-Year Public Sector Plan 2020-24 (NPSP)	• Score 86 in 2021

High-Level Outcome Description

Rationale. The country faces high vulnerability to adverse natural events exacerbated by unplanned urban growth, land degradation, and weak enforcement of building codes and zoning regulations. In addition, inadequate natural resource management has led to environmental degradation and increased vulnerability to climate change. Improving the management of the DR's natural assets, including blue economy assets, and agroecosystem is critical for increasing the country's resilience to climate change shocks and for providing economic opportunities.

WBG engagement. The WBG program includes ongoing and planned lending operations aimed at improving sustainable landscape management, as well as the overall management of water resources (improving the quality of water supply and sanitation services, improving irrigation services, and strengthening water security in targeted river basins through dam rehabilitation and improved land management), as well as analytical and technical support for the implementation of the emissions reduction (ER) Program and the Global Environment Facility (GEF) project, that aims to scale-up integrated watershed management through improved territorial planning, sustainable rice production, and agroforestry. A recently closed Cat DDO supported the Government to improve the management of contingent liabilities associated with climate and disaster risks, as well as its understanding of health emergencies as generators of disasters. The CPF program will build on this support and further strengthen the Government's policies and institutions to manage risks from adverse natural and public health events in key areas such as water, education, disaster risk financing, and the quality of disaster risk assessments required in public investments.

Lessons learned, new knowledge, and knowledge gaps. An important knowledge gap that exists relates to the blue economy. This gap will be filled by a robust set of analytical pieces and advisory services that is being designed including a rapid assessment on the blue economy in DR, a roadmap for the blue recovery, an assessment on the contamination "hot spots", and a deep dive in solid waste management and use of plastics. DR, as an island country, can benefit from using its ocean resources more sustainably to boost economic growth.

SDG Associated. HLO-3 relates to SDG 6 – Clean SDG11 – Sustainable cities and communities; SDG113 – Climate action; SDG14 – Marine life; SDG15 – Territorial and ecosystems sustainability

CPF Objective 3.1. ***Improved management of landscape and natural resources***
Previous CPF: Recovery from tropical storms Olga and Noel with increased resilience infrastructure

Intervention Logic

Rationale for the CPF Objective. Despite progress in reversing deforestation trends and increases of the forest cover, the agriculture sector still drives 60 percent of the deforestation. Increased pressure on water resources for agricultural uses and from urbanization threatens the main engines of growth (including tourism and agriculture) in the country. In addition, inadequate land management practices and management of natural resources (including water) are significant contributors to the degradation of critical territorial and coastal areas. As weather shocks (floods, droughts) become more frequent, this objective will support proactive risk management approaches, especially in agriculture, where sustainable agriculture is critical for food security and to sustain an important export base. Marine and coastal resources represent an asset, and by harnessing these resources, the DR could not only boost growth but also tackle poverty and increase resilience to climate change, this objective will support blue economy approaches.

Lessons Learned and New Knowledge. Poor territorial planning at local levels and inadequate institutional coordination and technical capacities remains major challenges. Furthermore, the management of water, land, biodiversity, and climate change are inextricably linked, but the management of these issues is often fragmented in governments around the world, including in the DR where the Ministry of Natural Resources, Ministry of Agriculture, and other agencies all have responsibilities for these issues. In addition, at the local level, unarticulated decision-making by and between stakeholders, and their lack of capacity, are significant barriers for integrated landscape management. Due to gaps in technical capacities to develop, apply, and monitor land use plans at both the local and landscape-level, there is limited mainstreaming of environmental sustainability criteria in land use decisions, including those related to biodiversity, ecosystem services flow (including water), and climate change, among others.

WBG Engagement. The WBG, through multisector investment operation, will provide an integrated approach that will contribute to improved management of landscape and natural resources, including blue economy assets. It will combine measures to support sustainable intensification of the use of the most fertile rain-fed and irrigated lands, soil and water conservation of degraded land, a reduction in the pollution through expanded access to sanitation and strengthened institutions. In forest management, the WB will continue to assist the Government with the national REDD+ strategy, as well as with the implementation of the ER program which aims to reduce GHG emissions from deforestation and forest degradation. The World Bank Group will also explore diagnostic study of the coastal zone to increase resilience and minimize impact on key sectors—such as tourism—for possible future investments in the blue economy.

Key Risks and Mitigation. The lack of efficient coordination amongst the many stakeholders as well as institutional weaknesses may hamper the good implementation of ongoing and proposed interventions. On the mitigation front, essential elements will include continued support through TA to strengthen project implementation, as well as recurrent portfolio supervision on active projects.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
Objective Indicator 20. Volume of CO_2 Emission Reductions from REDD+ **Baseline (2020):** 0 **Target (2025):** 5 million **Source:** P161182 **Objective Indicator 21.** Total and female Farmers adopting improved agricultural technology **Baseline (2017)**: 0 **Target (2026)**: at least 25% (1300) of the total **Source:** P163260 **Objective Indicator 22.** Area of landscapes under approved management plans to benefit biodiversity. Hectare (Ha) **Baseline (2021)**: 0 **Target (2026)**: 306,900 **Source:** P163260	**Objective Indicator 1.11.** Emission Reductions payments distributed in accordance with agreed Benefit Sharing Plan **Baseline (2020):** No **Target (2025):** Yes **Source:** P161182 **Progress indicator 1.12:** Land area under sustainable landscape management practices (CRI, Hectare (Ha) **Baseline (2021):** 1,866 **Target (2023):** 3,375 **Source:** P163260 **Progress Indicator 1.13.** Farmers adopting climate-smart and sustainable rice production practices **Baseline (2021)**: 0 **Target (2026)**: 1,200 **Source:** P163260	**Ongoing Financing** DR Resilient Agriculture and Integrated Water Resources Management Project (P163260) Dominican Republic Emissions Reduction Program (P161182) Dominican Republic FCPF REDD+ Readiness Project (P151752) Integrated Landscape Management in Dominican Republic Watersheds (P170848) **Financing Pipeline** N/A **Ongoing ASA** Decarbonization pathways for the Dominican Republic: Assessment and development of the current NDC (P173083) **ASA Pipeline** Biomass strategy analysis for the Dominican Republic Pathway to Dominican Republic's recovery through Green Jobs

CPF Objective 3.2. ***Enhanced management of water resources***

Previous CPF: Recovery from tropical storms Olga and Noel with increased resilience infrastructure

Intervention Logic

Rationale for the CPF Objective. Water security indicators at the national level show that the country is gradually approaching thresholds of water stress with respect to availability of freshwater resources per capita. Inefficiencies in the sector have led to poor service quality with high rates of intermittent water supply reported across the country translating into a loss of confidence by the consumer in the utility. The country also underperforms on the water quality dimension of water security. Water is undervalued, with tariff levels well below the cost of production, and there are no incentives for providers and users to conserve water. Policy making and regulatory functions are either non-existent or fragmented across institutions. Together, these institutional and performance inadequacies limit the ability of the country to adapt and mitigate the impacts of climate change and ensure sustainable use of water resources that are critical for economic growth and development.

Lessons Learned and New Knowledge. Historical investments in the sector have focused on expanding access to infrastructure; however, this has not translated into improved quality or efficiency of services. Water sector reforms have been discussed for the last 20 years with no meaningful change in practices. The Water Sector Compact initiative offers an opportunity for the government to clarify roles and responsibilities and align incentives for improved water resource management and service delivery. This initiative follows other important social compacts in the country's energy, health, and education sectors which implemented consultative processes that allowed for debate to arrive at a consensus among a diverse set of stakeholders on the required reforms. Moreover, experience from other countries shows that water sector reforms are a long-term process and can take 15 to 20 years and require sustained political commitment. The current political will around the Water Sector Compact offers the opportunity to initiate this process in the sector.

WBG Engagement. The CPF aims at supporting a strong and front-loaded program of policy and institutional reforms to improve the overall management of water resources, including improving the reliability and quality of the water and sanitation services. The World Bank's current operational engagements in the water sector include both lending and analytical work. Lending interventions will support the Government with investments in expanding access to and improving the quality of water supply and sanitation services, improving irrigation services, and strengthening water security in targeted river basins through dam rehabilitation and improved land management. Additionally, a 10-year MPA will support the Government's water sector modernization plan, with institutional reforms and improvements in WSS service delivery. Analytical work includes a Quality Infrastructure Investment (QII) grant and a GFDRR grant for Strengthening Disaster Risk Management and Resilience of Urban Water and Sanitation Services, and Dam Safety in the DR, and are expected to support the ongoing operations.

Key Risks and Mitigation. Reforms in the water sector are complex with an array of stakeholders and interests, and they need to be carefully sequenced. Moreover, the reform agenda will last multiple political cycles, and there is a risk that political support may wane over time despite renewed prioritization of the sector by the current administration. On the mitigation front, the MPA will allow the WB's engagement on the water sector reform agenda for the next 10 years and over multiple political cycles. In addition, technical assistance is being provided by the WB to inform the design and implementation of the reforms. Additionally, the WBG will remain flexible and adjust the program and instruments to emerging priorities that recognize political developments, new challenges, and institutional capacity constraints.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
Objective Indicator 23. Number of people gaining access to safely managed water supply[xxiv] (Number) **Baseline (2021):** 18,000 **Target (2026):** 123,000, of which 50 percent is women **Source:** P171778 **Objective Indicator 24.** Number of people gaining new access to improved wastewater treatment **Baseline (2020):** 0 **Target (2026):** 90,000 **Source:** P171778 **Objective Indicator 25.** % Non-Revenue Water (Percentage) **Baseline (2021):** 82 **Target (2026):** 50 **Source:** P171778 **Objective Indicator 26.** Area provided with new/improved irrigation or drainage services (CRI, Hectare (Ha)) **Baseline (2021): 0** **Target (2026):** 34,609 **Source:** P163260	**Progress indicator 1.15: 1.5. Water**[xxv] Percent of on-Revenue Water **Baseline (2020):** 82 (percentage) **Target (2026):** 50 **Source:** P171778 **Progress indicator. 1.15** Operating Cost Coverage Index. **Baseline (2021):** 0.71 **Target (2026):** 0.85 **Source:** P171778	**Ongoing Financing** DR Resilient Agriculture and Integrated Water Resources Management Project (P163260) Water Supply and Wastewater Services Improvement Project (P171778) **Financing Pipeline** N/A Dominican Republic Water Sector Modernization Program (P177823) **Ongoing ASA** Decarbonization pathways for the Dominican Republic: Assessment and development of the current NDC (P173083) Quality Infrastructure Investment (QII) grant (P171778) Strengthening Disaster Risk Management and Resilience of Urban Water and Sanitation Services, and Dam Safety in the Dominican Republic (P17778, P163260, P177823) **ASA Pipeline** N/A

CPF Objective 3.3. ***Improve disaster risk management and asset resilience***

Previous CPF Objectives. 3.1 Improved DRM planning in the norms and procedures for public investment projects in light of climate change; 3.2 recovery from tropical storms Olga and Noel with increased resilience of infrastructure.

Intervention Logic

Rationale for the CPF Objective. According to the World Bank 2018 Country Disaster Risk Profile (CDRP) for DR, Annual Average Losses (AAL) from earthquake and hurricane-related disasters amounts to US$642 million. Of these losses, the CDRP identifies that 24 percent (or around US$150 million) would typically become a fiscal liability. The CDRP also estimates that if an hydrometeorological event like Hurricane David (1979) or an earthquake like the one that struck the Samana Peninsula in 1946 had happened in 2016, it would have caused losses of more than US$6.1 billion and US$7.6 billion respectively. The 2018 SCD recommends that accelerating the design and implementation for managing climate and disaster-related risks needs to be integrated with natural resource management and other risks, including fiscal risks.

Lessons Learned and New Knowledge. The first Cat DDO in the country closed on February 2021, after a three-year implementation period. The instrument was highly appreciated by the DR Government at the time when it needed it most, at the beginning of the COVID-19 pandemic in March 2020. The Cat DDO opened many avenues for policy dialogue with several critical actors of DRM, that is, MEPYD, Ministry of Finance, Ministry of Health, Ministry of Public Works and Ministry of Education. While the results achieved under the Cat DDO are overall positive and impactful, there is considerable work on reforms to pursue in the sectors supported by the Cat DDO and beyond. A second Cat DDO is currently under preparation. The development of the Urbanization Territorial Review and associated TA revealed the importance of providing just-in-time technical and analytical support to inform policymaking.

WBG Engagement. The World Bank has been supporting the Government of DR since 2017 in its strategy to manage fiscal, physical, and social risks related to disasters through Bank financing and a suite of technical assistances, some recently completed, some ongoing or about to start. The Bank extended a Cat DDO contingent line of credit (P159351 - closed in February 2021) that supported the previous government's reform programs aiming at managing contingent liabilities related to disaster risks, reducing risks in the school and health infrastructure as well as in private construction, understanding better disaster risks in the water sector and mainstreaming disaster risk information in all public investments. The Bank also provided TA to support the Ministry of Education (MINERD) in better understanding and assessing risks in the school infrastructure sector, resulting in a cutting-edge probabilistic hurricane and earthquake risk assessment of the entire public school infrastructure stock. Finally, the WBG is also supporting the National Geographic Institute to establish and govern the DR national spatial data infrastructure to improve access to information for DRM and territorial planning.

Key Risks and Mitigation. The lack of efficient coordination amongst the many stakeholders as well as institutional weaknesses may hamper the good implementation of ongoing and proposed interventions. On the mitigation front, essential elements will include continued support through TA to strengthen project implementation, as well as recurrent portfolio supervision on active projects.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
Objective Indicator 27. Increase in national financial protection instruments in place to protect from climate related risks or other adverse events. **Baseline (2021):** 1 **Target (2025):** 3 **Source:** Ministry of Finance, P178122 **Objective Indicator 28.** Increase in the number of local authorities with risk informed territorial planning instruments. **Baseline (2022):** 1% out of the 158 municipalities **Target (2026):** 10% out of the 158 municipalities **Source:** P178122 **Objective Indicator 29.** Defined Emergency Cash Transfer (CT) protocols in line with the country's Adaptive Social Protection Strategy **Baseline (2021):** No **Target (2026):** Yes **Source:** *Superate* Program, P178122	N/A	**Ongoing Financing** **Financing Pipeline** Dominican Republic Second DRM Development Policy Loan with a Catastrophe Deferred Drawdown Option (P178122) **Ongoing ASA** Enhancing Resilient Territorial Development in the Dominican Republic (P172715) TA on development of Spatial Data Infrastructure IFC Upstream Resilience Building Program for the Caribbean (RBPC) **ASA Pipeline**

Annex 2. Completion and Learning Review of Dominican Republic FY15-18 CPF

I. INTRODUCTION AND SUMMARY OF KEY FINDINGS

Date of CPS: September 25, 2014 (Report No. 89551-DO)
Date of Performance and Learning Review: January 11, 2018 (Report No. 121859 -DR)
Period Covered by the Completion and Learning Review: FY15-FY19

Introduction & Context

1. **This Country Partnership Strategy Completion and Learning Review (CPS CLR) assesses the effectiveness of the World Bank Group's (WBG) program in the Dominican Republic (DR) during the FY15-FY19 period.** The CLR takes stock of CPS outcomes and evaluates the WBG's performance in designing and implementing its program. It also discusses the alignment of the CPS with the WBG's corporate goals and extracts lessons for the preparation of the next County Partnership Framework (CPF).

2. **The CPS was designed to support the Government's efforts to sustain growth and make it more inclusive.** The original CPS was organized around five results areas: (i) improving the investment climate and fostering private sector development; (ii) improving access to efficient and reliable electrical distribution networks, information and communications technology (ICT) and other infrastructure; (iii) supporting the Government in building resilience to external shocks; (iv) promoting equitable, efficient, transparent and sustainable management of public resources; and (v) strengthening social service delivery. While the overall CPS objectives remained valid, adjustments made at the Performance and Learning Review (PLR) stage consolidated them along three pillars: (i) strengthening conditions for equitable growth; (ii) improving service delivery for the poor; and (iii) building resilience. In addition, the original CPS period was extended by one year to FY19 to facilitate adequate sequencing of the Systematic Country Diagnostic (SCD) and the next CPF - which will cover a period of 5 years (FY20-24) - with a better alignment with the country's electoral cycle scheduled for May 2020.

3. **The CPS was initiated at a time when the DR was experiencing high growth and significant reduction in poverty, while still facing important structural challenges and high levels of inequality hampering progress towards an inclusive growth.** The country grew at an average of 6.5 percent during 2014-2017, among the fastest in the Latin America and Caribbean (LAC) region. Following a rise in poverty during the 2003 banking crisis, monetary poverty[83] declined steadily from 50 percent in 2004 to around 29 percent in 2016. Moreover, the proportion of middle class rose from 24 to 37 percent between 2008 and 2016, outnumbering the poor for the first time in 2014. Also, the Gini coefficient decreased from 49.6 to 47.1 over the same period. Despite these gains, the share of vulnerable population at 41 percent remained the largest income group in the country. Moreover, urban/rural disparities persist in access to services and poverty levels.

Summary of Key Findings

4. **The overall performance of the CPS program (FY15–19) is rated as Moderately Satisfactory.**[84] The CLR rating is based on an aggregate assessment of the 9 CPS outcomes (objectives) in the revised results matrix. The CPS outcomes under all three CPS pillars were either achieved or mostly achieved, taking into account evolving country priorities, limited fiscal space, and slower than expected implementation of the program.

5. **Despite implementation challenges during the first two years of the CPS the WBG program made concerted effort to improve results by** (i) strengthening design and linkages between WBG intervention and CPS objectives; (ii) retrofitting results in areas where progress was already made; (iii) providing strong project implementation support including project restructuring and simplifying project design; and (iv) improving coordination among key ministries. Key results under Pillar 1 include streamlining business registration procedures, improving access to finance - including for women - and increased diversification of energy renewables, through IFC investments. Strong coordination between the WB and the IFC during the CPS is opening opportunities to strengthen Maximizing Finance for Development (MFD) during the next CPF, particularly in the areas of capital markets and energy sector. Under Pillar 2, key results include improved access to maternal and infant health services in the lagging regions and strengthened primary education systems by improving the quality of teacher recruitment policy and student assessments. While substantial progress was made in improving targeting and coverage of safety nets for the extreme poor, the program also faced delays due to a few procurement issues. Lastly under Pillar 3, the DR strengthened its natural disaster readiness and response systems and has taken important steps to build resilience to climate change. While positive results were noted across the CPS areas- the CLR also acknowledges that the overall impact of the program in few areas (such as education, energy, and social protection) will be better reflected in the next CPF cycle.

6. **The WBG performance in the implementation of the CPS is rated as Fair.** The CPS design was aligned with the Government priorities highlighted in the 2030 National Development Strategy (END)[85] and benefited from the WBG's comparative advantage. The design of the original CPS was overly ambitious, lacked selectivity and did not fully reflect the country's political economy challenges. As a result, during the first two year of the CPS, the WBG program observed mixed results due to delay in project effectiveness, complex project design, government limited fiscal space, and cancelation of projects due to shifts in government priorities. Although the PLR offered an opportunity to adjust the program and making it more realistic, it was delayed due to reorientation of government priorities after the 2016 country's presidential election. Despite significant adjustment in WBG activities and streamline of realistic results, the lateness of the PLR delivery limited the scope of the overall CPS program implementation (see para 33-45). This offers an important lesson to be considered in designing the new CPF, namely the importance of better alignment with the political cycle to assure a timely preparation of the PLR. The risks to CPS implementation were originally recognized and the WBG responded flexibly to mitigate these risks.

7. **New WB lending during the CPS period totaled US$635 million** (as of Dec 31, 2018)[86], slightly higher than the US$550 million originally planned. Two planned operations were dropped[87] due to shift in Government priorities after 2016 elections. In addition, the preparation of the planned US$50 million Health Project did not materialize. The WB engaged selectively and effectively with a combination of investment lending and two development policy loans, complemented by relevant analytical and advisory work. Collaboration within the WBG and with development partners was strong, and the lending program was complemented by trust funds. The country program was reasonably-balanced and well-coordinated between the WB and the IFC particularly in the areas of business environment, financial inclusion and energy. The IFC's program in the DR is the largest in the Caribbean and, during the CPS, IFC's investment portfolio significantly increased from US$272.99 million in FY15 to US$538.36 million in FY18 (including mobilization of US$226.45 million) across 8 projects that support the development of a more competitive private sector. During the CPS period, MIGA continued to support its US$107.6 million transport sector project. The risks to the CPS implementation were adequately identified and corresponding efforts were made to mitigate them through various WBG's initiatives (see para 33).

VI. ASSESMENT OF CPS OUTCOMES

8. **The PLR streamlined the results framework to reflect the realities of the WBG's program and the Government's emerging priorities.** The revised results framework consolidated objectives into concise and realistic priority targets that served as a guiding principle for the remainder of the CPS period. The following changes were made: (i) consolidation from five results areas to three pillars; (ii) reduction from 16 outcomes to 9 outcomes; and (iii) changes to outcomes. These adjustments improved the intervention logic underpinning the CPS objectives. WB-IFC programs are well coordinated around the CPS pillars based on their comparative advantage and role of other development partners. This section evaluates the CPS program performance based on specific outcomes laid out in the revised results matrix. Table 1 summarizes the development outcome indicators ratings while attachment 1 contains the assessment details of the outcome indicators.

Table 1: Overall Achievement of CPS Outcomes

	CPS Outcome	Overall outcome rating	Outcome Indicator Ratings			
			Achieved	Mostly Achieved	Partially Achieved	Not Achieved
Pillar 1: Strengthening Conditions for Economic Growth - Moderately Satisfactory						
1.	Improved efficiency of public expenditures	Achieved	2			
2.	Improved investment climate for SMEs	Achieved	1			
3.	Increased access to financial services	Achieved	1			
4.	Increased energy diversification	Mostly Achieved		1		
Pillar 2: Improving Service Delivery for the Poor - Moderately Satisfactory						
5.	Improved quality of primary education systems	Achieved	2			
6.	Improved access to maternal and infant health services	Achieved	2			
7.	Increased social protection coverage	Achieved	1			
8.	Increased access to basic service delivery in the poorest community	Mostly Achieved	1	1		
Pillar 3: Building Resilience - Moderately Satisfactory						
9.	Improved preparedness for disaster risk management	Mostly Achieved	1	1		

Pillar 1: Strengthening Conditions for Equitable Growth - ***Moderately Satisfactory***

To accelerate the conditions for equitable growth, the WBG program made progress in supporting the Government's specific legal and regulatory reforms to promote better investment climate for small and medium enterprises (SMEs) and increase financial inclusion in the country. These actions are making positive impacts on existing and new firms to conduct their business as the DR attempts to attract new investment, move to higher value-added activities and diversify its economic base. The quality and efficiency in public expenditure management as outlined in the 2016 PEFA assessment improved- such as the continued consolidation of Single Treasury Account which introduced a sustained mechanism upon which reforms will continue after the end of the WBG's project. The improved level of policy dialogue between the MEPyD and other key stakeholders created a solid platform for continued discussion and implementation of the medium-term results-based planning and budgeting. Further, IFC's engagement in *mobilizing finance for renewable energy sources is helping DR diversify its energy matrix and reduce dependence on fossil fuels.*

Outcome 1: Improved efficiency of public expenditures - *Achieved*

9. **Public institutions in the Dominican Republic suffered from limited capacity to plan, budget and execute public expenditures in line with the Government's development priorities.** In this context, the WBG program, through a Strengthening Management of Public Finance Development Policy Loan (P155425) and Public Expenditure Management technical assistance (P125894), supported government policy reforms which aimed at improving efficiency, transparency, and results orientation of expenditure management in the public sector. Despite a slow start of the program due to the election cycle, important progress was made, including the (i) introduction of new Dominican budget system[88]; (ii) strengthening of the national planning system; (iii) introduction of the new medium-term results- based budgeting framework; (iv) consolidation of the single treasury account (STA); (v) strengthening of the integrated financial management system (IFMIS); (vi) streamlining of public procurement through an e-portal; and (vii) implementation of citizen audit commissions in public procurement.

10. **The above reforms enabled reducing the deviations between the actual and approved budgets.** This was reflected in improved PEFA scores to B+ in 2016 PEFA rating as compared with D in 2012 PEFA rating. While the 2016 PEFA assessment showed significant improvement in overall performance in public expenditure management, there are still opportunities for improvement in areas such as the strategic allocation of public resources (e.g. implementation of multiyear planning and budgeting and, improved coordination between planning, monitoring and evaluation functions across different government institutions) and the efficiency of public procurement (such as the roll out of the e-procurement portal to all public entities).

Outcome 2: Improved investment climate for SMEs - *Achieved*

11. **Substantial progress was achieved towards streamlining regulatory barriers for improved investment climate for SMEs.** A series of Reimbursable Advisory Services[89] (RAS) supported the Government's efforts to simplify business registration and streamline other legal, regulatory, and procedural reforms to improve the investment climate. These reforms helped the Government establish a single window for online business registration, where over 10,614 new businesses registered using the streamlined registration process. This facility has reduced the time for new firms to enter the market and has promoted the registration of SMEs with less administrative capacity.

12. **While the CPS program achieved specific results regarding business registration, it also contributed more broadly to improving DR's investment climate.** A legal and regulatory framework for the establishment and implementation of the new Insolvency Law[90] was enacted, providing more flexibility for firms facing insolvency. This legal regime is also expected to increase the recovery rate when firms are liquidated, ceasing uncertainty and increasing the ability of firms to access finance. This reform contributed to significant improvement in the DR's Doing Business Resolving Insolvency indicator from 160 in 2017, to 121 in 2018. The CPS also supported the Government in designing a risk-based process to improve issuance of construction permits, and in identifying reforms to establish commercial arbitration to reduce reliance on more lengthy and commercial court proceedings. In addition, analytical work on trade and competitiveness, global value chain, and Special Economic Zones informed policy dialogue on

productivity and inclusion. Remaining challenges in the country's investment climate include those related to competition policy and incentives where the WBG is already providing technical assistance.

Outcome 3: Increased access to financial services - *Achieved*

13. **IFC's engagement contributed to increase access to financial services for SMEs, particularly those owned by women.** IFC investment and advisory services supported microenterprises and SMEs, with a focus on financial inclusion particularly targeting women micro-entrepreneurs, low-income households, and farmers through partner financial institutions. This resulted in an additional 221,133 entrepreneurs/MSMEs (of whom 57.6 percent are women) benefitting from access to SME finance. IFC's investment in two major financial institutions (ADOPEM and BHD-LEON) helped strengthen corporate governance and capacity to support the growth of their MSME portfolio. ADOPEM has gained expertise in reaching underserved microentrepreneurs and provided financial support with an average loan size of approximately US$500 for this market niche.

14. **In addition, IFC's advisory services to various financial institutions further promoted financial inclusion** such as: (i) the assistance to *Asociación Popular de Ahorros y Préstamos* (APAP), the largest credit and savings association in the country, which expanded its SME banking business and provided US$2.6 million in loans to 139 MSME; (ii) the development of mobile financial banking for the second largest private-owned bank in the DR, focused on becoming the bank of choice for women, and where 1,747 women entrepreneurs have active SME loans with an outstanding value of US$54,507,912; and (iii) activities supporting the DR's collateral registry, women's access to insurance and corporate governance.

Outcome 4: Increased energy diversification - *Mostly Achieved*

15. **Notable achievements were made in mobilizing investments to develop renewable energy sources**[91]. IFC - with support from the Government of Canada and other first class International Financial Institutions (IFI) - provided a US$80 million debt financing package for the construction and operation of a new grid connecting 50 MW wind farm Parques Eólicos del Caribe-(PECASA). PECASA will be one of the biggest wind power facilities in the country that will help diversify the country's energy matrix and ease its dependence on imported fossil fuels, which currently account for 80 percent of the energy needs. The program is also expected to increase climate resilience by reducing greenhouse gas emissions of 91,000 tons of carbon dioxide (CO_2) emissions annually. IFC support for this project included the development of a financing structure offering both senior and subordinated debt instruments to satisfy the varying risk appetites among investors and incorporating blended finance tools. The full implementation of the program will be in effect once the IFC's investments to wind power is operationalized. As a result, the CLR rates this objective as mostly achieved.

Pillar 2: Improving Service Delivery for the Poor - *Moderately Satisfactory*

The WBG's support helped to strengthen a strong foundation of DR's primary education systems through improved teaching policies and robust student assessment. This is a significant step for improving student's future learning outcomes. Substantial progress was made in improving the transparency and accountability of the regional health centers to deliver quality services to mothers and children in addition to strengthening health information system. The WB support through Results Based Financing mechanism successfully implemented these activities, resulting in benefits for 1.05 million individuals[92] from poor *households. Basic service delivery in 31 poorest municipalities improved due to strengthened management function of the municipalities.*

Outcome 5: Improved quality of primary education systems - *Achieved*

16. **Important steps were made towards improving the quality of primary education systems, by strengthening the capacity of MINERD.** The Support to National Education Pact Project (P146831) supported government reforms to strengthen teacher training policies and programs. This includes a rigorous entrance exam for all teacher applicants, development and implementation of new degrees for training secondary level teachers, development of a competitive exam for access to public teaching positions (the exam has already helped recruit 15,800 new teachers or 25 percent all teachers in the public sector in the DR), assessment of over 20,000 classroom teachers based on new professional standards and the use of assessment data to adjust in service training program. A new strategy for learning assessments for 3rd and 6th grade was developed and implemented. The assessment results are given to district and school leaders and parents.

17. **The stronger requirements are raising skills of both new and existing teachers.** The progress in measuring student learning results in all schools complements the work of the teachers and allows policy makers and educators to tailor efforts to the needs of the students, focusing on subjects where students are falling behind and targeting school districts for further support. In addition, the WBG facilitated a pilot assessment for public early childhood development centers, paving the way to improve the quality of services provided. As all these WBG initiatives come into full effect, it will help address major learning challenges of the country. The project emphasized that measuring of learning, improvements in quality of teachers and school readiness are fully aligned with the main priorities identified by the 2018 World Development Report to increase student learning.

Outcome 6: Improved access to maternal and infant health services - *Achieved*

18. **Strong progress was made in improving access and quality of maternal and infant health services in lagging regions.** The World Bank's Health Sector Reform Second Phase APL (PARSS2) (P106619) project and technical support significantly improved the capacity of selected regional health centers to deliver quality health services and to improve health information of the targeted poor households. As a result, 50 percent of pregnant women from the targeted population completed a risk evaluation before the 15th week of pregnancy- a more than threefold increase compared to the baseline of 13 percent in 2013. In addition, 23 percent of women in targeted areas had more than three consultations during pregnancy, as opposed to 10 percent of women in the non-targeted areas. Furthermore, 68 percent children from the targeted population under the age of 15 months completed vaccinations schemes according to national protocols, nearly double the baseline (35 percent) in 2013. These activities responded to the DR national development strategy of improving quality of health service delivery to improve health outcomes of the poor in targeted regions.

19. **The WB program also contributed to improved health information systems and the expansion of health insurance coverage,** and successfully rolled out the implementation of the output-based disbursement mechanism in the targeted three regions[93]. The implementation of the output-based disbursement mechanism helped improve transparency and accountability in the delivery of public services and goods, while strengthening sector related Information Systems (IS) and improving the inter-operability of different information modules. This has contributed to the availability of data for regional

health services, at the central level and at the National Health Insurance (SENASA) agency. In addition to improving the quality of services, the results-based financing mechanism improved the financial efficiency of the Ministry of Health's budget allocation process and boosted resource flows earmarked to SENASA's subsidized regime. These improvements helped include an additional 366,236 individuals in SENASA who previously had no insurance coverage. Preparation of a follow-up operation to support further improvement in the quality and efficiency of health services was postponed at the Government's request due to constrained fiscal space.

Outcome 7: Increased social protection coverage - *Achieved*

20. **Social protection coverage for extremely poor households increased during the CPS period.** The Integrated Social Protection and Promotion Project (P147213) supported the Government's flagship program *Progresando con Solidaridad* (PROSOLI) to improve the targeting and coverage of extremely poor households through a conditional cash transfer (CCT) program with an integrated approach of social protection and promotion services. This integral program aimed to consolidate the CCT transfers and integrate the adoption of a comprehensive socio-productive approach, aiming at ensuring that families are provided with a package of services to improve their multi-dimensional poverty conditions. During the CPS period, over 300,000 individuals from the 14 poorest provinces received social protection benefits of which 59,731 families (around 191,000 individuals) were registered in the conditional cash transfer program for the first time. The project faced challenges in increasing coverage of identification/ documentation of beneficiaries to access social services for the poorest. The project was restructured due to delays in project approval from Congress, steep learning curve needed for government technical teams and delay in putting in place an adequate financial system. The restructured project is expected to show further positive results in the next CPF cycle.

21. **Improvements were also made in access to productive opportunities, where 3,183 CCT young beneficiaries of PROSOLI households received technical, vocational and entrepreneurship courses.** The WB is also providing technical assistance to the Government to assess its social protection system and instruments for disaster preparedness and response. A diagnostic of the capacity programs and instruments on the responsiveness of the social protection system to disasters has been prepared. The recommendations from the assessment will feed into the Government's upcoming national strategy for adaptive social protection.

Outcome 8: Increased access to basic service delivery in the poorest communities - *Mostly Achieved*

22. **Access to basic services in targeted municipalities improved.** The Dominican Republic Municipal Development Project (P095863) contributed to the Government's decentralization process, by strengthening the management function of municipalities and the capacity to improve services in poor communities. Thirty-one local governments improved their planning and delivery of municipality services, where 65 percent of the participating local governments aligned their budgets with the DR Municipal Development Plan. This has helped municipalities invest in community civil works, where 84[94] small infrastructure works were completed and over 202,000 beneficiaries (o/w 47 percent women) gained access to improved infrastructure services.

23. **Progress was also notable in improving access to sanitation services in the Puerto Plata region.** The Water and Sanitation in Tourist Area project (P054221) increased access to safely management

sanitation services by improving wastewater treatment to approximately 143,000 beneficiaries, surpassing the CPS target of 128,000[95]. The Project also expanded new access to sanitation networks among 3,679 people in the poorest neighborhoods of San Felipe de Puerto Plata. The Project also provided technical assistance to three water and sanitation service providers to improve their operational performances. This included expansion of micro-metering, upgrading of commercial systems and user data bases, which in turn helped them reduce their non-revenue water by an average of 13 percentage points and improve revenues.

Pillar 3: Building Resilience - *Moderately Satisfactory*

The CPS supported strengthening institutions for improved climate and disaster resilience in country's priority sectors by mainstreaming disaster risk management (DRM) in territorial planning and public finances. The updated National Public Investment System (SNIP) imposes technical mandatory standards for disaster and risk analysis for all new public investment projects which will strengthen public investment resilience to disasters. Moderate progress was made in rehabilitating in three out of four major dams to minimize the impacts of future disaster due to delay in follow up operation.

Outcome 9: Improved preparedness for disaster risk management - *Mostly Achieved*

24. **The CPS program provided a multi-sectoral approach to strengthen the country's institutional capacity and infrastructure for DRM.** The WB provided a critical line of contingent financing - associated with natural disasters and health emergencies - and strengthened the country's financial capacity to recover after a major event. A Catastrophe Deferred Drawdown Option (Cat-DDO) Development Policy Loan (P159351) is facilitating the Government's second-generation reforms to strengthen institutions in priority sectors, and to establish mandatory regulations for climate and disaster risk reduction in public investment and construction works. The Government's approval of an updated National Public Investment System (SNIP) in March 2017, supported by the Cat DDO, represents a critical step to increase resilience to disasters for all new Public Investment Programs (PIP) in the country. This is a mandatory requirement for all public investment projects regardless of size and scope.

25. **The program is also supporting the necessary institutional structures to mainstream Disaster Risk Management (DRM) and Climate Change Adaptation in fiscal management, school infrastructure, and water resource management.** The MEPyD and the MoF jointly with sectoral ministries are developing a standardized methodology for post-disaster damage assessment that will be applied by each line ministry in the aftermath of a natural disaster. This will help generate the required information for recovery and reconstruction planning. These outcomes were supported by the extensive technical work that provided policy recommendations on mainstreaming DRM and Climate Change Adaptation in territorial planning, public investment, and public finances, which provided crucial input to country's DRM system.

26. **Progress was made in rehabilitating storm damaged infrastructure through the Emergency Recovery and Disaster Management Project (P109932).** Three out of four dam facilities were rehabilitated with revised operational procedures to minimize impacts of future disasters. The fourth dam (Maguaca, which is still a work in progress) is to be completed by a follow-up operation (the Resilient Agriculture and Integrated Water Resource Management Project) which is expected to be approved in FY19. In addition, 24 irrigation schemes were rehabilitated, including works on canals and reservoirs,

embankments, pumping systems, water intakes, and floodgate systems. As a result, irrigation was restored in 37,218 ha, benefiting 18,779 farmers.

VII. WORLD BANK GROUP PERFORMANCE

27. **The overall WBG's performance in designing and implementing the CPS program is rated as Fair.** The assessment is based on several factors including: (i) high relevance of the CPS objectives; (ii) the responsiveness of the WBG during the PLR mid-course corrections to align it with DR's evolving needs and priorities; (iii) pro-active dialogue with all stakeholders; (iv) extensive general implementation support particularly for underperforming projects; and (v) improved results framework. The WBG has strengthened ties with development partners and built partnerships with key reformers, which is reflected in the new CPF. However, WBG's performance was also challenged by the following: (i) delay in PLR adjustments due to reorientation of government priorities after elections; (ii) considerations of political factors both at the design and implementation phases of the program, and (iii) reduced fiscal space on the Government's side to fully implement the agreed program. These hampered the full achievement of the CPS development outcomes.

Relevance/Design

28. **The CPS objectives were aligned with country priorities and were relevant to the challenges that the DR faced.** The design of the program addressed the country's double challenges of sustaining growth and making it more inclusive and equitable by improving conditions to boost equity and competitiveness. The extension of the CPS to cover FY19 was appropriate in facilitating sequencing of the SCD and a smooth transition to the new five-year CPF, which will be better aligned with the Government's political cycle. The PLR strengthened the WBG's engagement in areas prioritized by the Government after the May 2016 election.

29. **Selectivity and Instruments:** In terms of selectivity, the CPS design applied a systemic filtering process which reflected the Government's priorities, the WBG's value added, and greater emphasis on inclusion and reducing inequality, in line with recent diagnostic on key challenges to achieve poverty reduction and promote shared prosperity. The program was substantially re-aligned through the PLR, which was delayed reflecting the shift in priorities and to allow appropriate consultations with the incoming Government, with the objective to preserve ownership. Active dialogue with the Government counterparts and various stakeholders reaffirmed the strong value added of the WBG's partnership in the DR. The WBG's program effectively combined WB lending, ASA and Trust Fund resources complemented by IFC investments in areas where the WBG had distinct comparative advantages.

30. **Lessons learned from the implementation of the FY09-13 CPS were not adequately incorporated in the design of the CPS.** The CPS design did not fully consider the factors that could have slowed implementation: political economy considerations, capacity constraints, and bureaucratic hindrances. Particularly, political economy factors - such as inter-ministerial coordination, the country's electoral cycle, and likely shift in government priorities - could have been better considered at the design stage of the CPS and addressed more effectively during the implementation.

31. **Realism of Results.** The revised results framework was well articulated and reflected a realistic WBG contributions in achieving results. During the PLR, the CPS engagement areas were consolidated to better align and reflect the implementation status of the WBG program. The following changes were made: (i) consolidation from five results areas to three pillars; (ii) reduction from 16 outcomes to 9

outcomes; (iii) reformulation of outcomes and indicators related to public expenditures management, investment climate, financial services, health, education, social protection and disaster risk management to better align with the ongoing program implementation; (iv) dropping of the outcome related to access to efficient and reliable electricity network, as the implementation of the WB's Grid Modernization project started late and was not able to show results during the CPS period; and (v) addition of a new outcome related to improving basic services in the poorest communities to reflect WB's notable results already achieved through its Municipal Development Project (PRODEM). These adjustments improved the intervention logic underpinning the CPS objectives.

32. **Risks.** The risks to the CPS implementation were substantial and remained relevant during and after the PLR. A complex political context before and in the aftermath of the 2016 elections, as well as weak institutional coordination and capacity for implementation, impacted the CPS implementation. Before the elections, the WBG team prepared a series of technical Policy Notes that provided the new Government with evidence to inform possible actions and address key challenges during its new mandate. After the election, the Government took time to take stock of the results being accomplished under the ongoing program and reassessed the areas it considered necessary for further WBG assistance, with increased selectivity due to increasingly constrained fiscal space. This contributed to slow down program implementation. Complex and overly ambitious project designs, weak technical capacity, ineffective coordination among key ministries, the reorientation of priorities after government transition, and a constrained fiscal space caused delays and initially affected the overall CPS implementation. The WB team worked closely with the Government by restructuring projects, providing intensive implementation support and, after the PLR, conducting a comprehensive portfolio review which formulated a time bound action plan of mutual actions to improve portfolio performance.

Implementation

33. **The World Bank lending delivery between FY15 and FY19 reached US$635 million and consisted of two budget support operations[96] and four investment projects (totaling US$425 million).** This amount was slightly higher than the originally envisaged amount of US$550 million. Mid-way through the CPS period, the Government's reduced fiscal space coupled with a shift in Government priorities led to the exit of two operations (the Flexible Employment Project and the Caribbean Regional Communications and Infrastructure Project) from the planned pipeline. In addition, the preparation of the planned US$50 million Health Project, that was delayed to FY18 at the time of the PLR, has now been postponed. At the same time, the US$80 million DR Resilient Agriculture and Integrated Water Resources Management Project (P163260) was delivered in FY19, as well as a US$100 million Additional Financing operation (P167815) to the Support to the National Education Pact Project (P146831). In addition, TF resources were fully integrated into the World Bank portfolio. During the CPS period, 20 TF operations were under way, totaling US$13 million, and well aligned with CPS strategic priorities. The TFs focused on the areas of extractive industries; governance reform; statistical capacity; DRM; social accountability; education; energy; and reduction of emissions, forest degradation, and deforestation (under REDD+). This strategic combination and consolidation of World Bank resources and TFs allowed the World Bank to deliver results while reducing fragmentation.

34. **While the overall performance of the portfolio improved, significant implementation challenges remain.** While the number of projects declined from seven to five during the CPS period, commitments increased from US$309 million in FY15 to US$575 million in FY19, showing an increased average size of projects. Portfolio implementation has been rated moderately satisfactory. As discussed in the risk section, implementation challenges affected portfolio performance The WB team took steps to resolve

implementation problems by providing enhanced supervision support to implementation agencies, conducting regular portfolio reviews, restructuring projects, building capacity in key institutions and following up proactively with counterparts. In addition, a comprehensive Country Portfolio Performance Review (CPPR) took place in July 2018 and recommended a time-bound monitorable Action Plan for improving portfolio readiness and implementation going forward. Key actions agreed include: (i) facilitating of improved coordination between key government agencies - particularly the Ministries of Economy, Planning and Development and the Ministry of Finance- during identification, preparation, and implementation of projects; (ii) organizing of quarterly technical meetings among key agencies to monitor portfolio, budget, procurement process, and disbursements; and (iii) greater consideration of retroactive financing, when feasible, for eligible expenditures to expedite project readiness.

35. **The IFC's program in the DR is the largest in the Caribbean.** Since the PLR, IFC's portfolio (commitments plus mobilization) has nearly doubled in size, FY19 being a record year with three transactions and positioning DR as the largest portfolio in Central America and the Caribbean. IFC had investments with high development impact in access to finance for MSMEs, improving financial penetration for disadvantaged groups, strengthening banks' corporate governance, creating a new market for sustainable tourism, and mobilizing finance for renewable energy.

36. **MIGA has one active project in the DR, the *Autopistas del Nordeste* toll road, which was signed in 2006.** MIGA provided partial coverage to several international investors for their US$14 million equity investment and for the US$162 million bond issuance for *Autopistas del Nordeste* for up to 20 years against the risks of transfer restriction, expropriation, war and civil disturbance, and breach of contract. The guarantee amount at issuance was US$107.6 million with an outstanding gross exposure amount of US$67.3 million, as of March 2018.

37. **ASAs were integral to achieving results across all three pillars.** A total of 19 ASA tasks were delivered (see Attachment 3) focusing on key constraints to poverty reduction and economic growth. However, more selectivity of ASA could have led to stronger strategic impact. A comprehensive set of Policy Notes were prepared for the new administration in 2016, which provided in depth analysis across various sectors of the economy and set the basis for effective policy dialogue. The WB has also been engaged in supporting national dialogue processes, such as the Caribbean Growth Forum; the National Pact for Education and the National Pact for Electricity. A robust policy dialogue through ASA activities, including RAS, facilitated a strong foundation for the WBG program going forward. Highlights of the WBG ASA results were as follows:

- **Pillar 1:** The Reimbursable Advisory Services (RAS) supported the Government in prioritizing and implementing business environment reforms related to insolvency, simplifying construction permits and enforcing commercial contracts. A technical note on Trade Facilitation identified reform options for streamlining customs clearance, integrating risk management in border control, and improving collaborative border management such as through a port community system. A Public Expenditure Review (PER) is being carried out and is expected to be finalized by FY19. The PER will propose measures to improve quality and efficiency of public spending in three key sectors, namely: health, education, and electricity. The analysis of the PER is expected to contribute to the dialogue on the Fiscal Pact. In addition, the semi-annual economic updates, continued to be critical for maintaining country engagement on macro and fiscal matters.
- **Pillar 2:** The ongoing technical assistance on "Strengthening Citizen Engagement and Transparency to Improve the Delivery of Public Services in the Dominican Republic[97]" is focusing on improving school participatory governance, specifically by strengthening the decision-making process of schools

through active participation of parents and students. Technical assistance has been provided in the design and implementation of school level score cards which are serving as inputs for collective discussion and the elaboration of action plans at the school level. These score cards capture both data that are available in the existing information system and information on perceptions of parents, students, and teachers.

- **Pillar 3:** The WB's technical assistance and diagnostic provided a clear understanding of how disaster risks are managed in DR and contributed policy advice on how to integrate DRM and climate change adaptation measures into public finance and territorial planning. The background analysis provided a foundation for the Cat DDO operation. In addition, technical assistance was used effectively for the strengthening of the social protection system and disaster preparedness response.

38. **IFC's advisory services played an important role in complementing its investments, particularly under CPS Pillar 1.** IFC's advisory engagements focused on expanding access to finance and private sector competitiveness through: (i) supporting financial institutions in developing SME business lines; (ii) improving risk management and sustainability for SMEs; (iii) expanding mobile financial services and value proposition for women; and (iv) enhancing regional integration and competitive markets. Lastly, through regional/global advisory engagements, IFC is seeking to expand the inclusiveness of the financial sector by supporting collateral registries, energy and resource efficiency, climate finance, and corporate governance.

39. **The Independent Evaluation Group (IEG) analysis of closed projects during the CPS period proposed better coordination, more flexibility, and increased use of results-based financing.** Six operations[98] in health, social protection disaster risk management, municipal development, water and sanitation, and public sector closed between FY15-FY19 and three[99] of these were reviewed by IEG with ratings of satisfactory and moderately satisfactory. Some of the key lessons learned were the following: (i) close coordination between implementing agencies is critical to avoid duplication of activities; (ii) flexibility in project design should be balanced with relevant risk mitigation; and (iii) results-based financing can be a powerful mechanism to improve services if the potential benefits are widely communicated among the service providers.

40. **Progress in mainstreaming gender into the WBG's portfolio has been modest.** Gender access issues were incorporated in sectors such as health, social protection, education, and local government. For example, the recently closed Municipal Development Project (P095863) actively promoted the equitable participation and access of female participation in all project activities[100]. In health, the WBG support helped to improve the quality of health services in the poorest regions for the benefits of pregnant mothers and children. In the education program, the WBG is supporting the Government in developing workshops for teachers to increase awareness on gender stereotypes through their attitude, words and actions. The Integrated Social Protection and Promotion Project (P147213) supports about 383,638 extremely poor households, of which about 67 percent are headed by women. Despite some progress in mainstreaming gender in the WBG funded program, there is still need for good quality gender analysis for better targeting of gender interventions beyond the traditional human development sectors.

41. **The WB is helping the Government in developing beneficiary feedback mechanisms to strengthen the responsiveness of selected government agencies in the provision of public services.** The ongoing Strengthening Citizen Engagement and Transparency to Improve the Delivery of Public Services in the Dominican Republic (P159392) technical assistance and policy dialogue is providing solutions to governance and institutional reforms in education, justice, and security by means of realigning incentives, fostering opportunities for collective action, and using citizen's feedback to enhance service delivery. In

addition, the WBG promoted citizen engagement through inclusive policy dialogue in the context of the Education Pact, the Electricity Pact, and the Caribbean Growth Forum, which proved to be powerful vehicles for civic engagement. The program outlined in the new CPF will explore possibilities of creating synergies with other lending and non-lending WB-led initiatives – as well as with other stakeholders - in strategic sectors, and further promote the Citizen Engagement mandate across the WBG portfolio.

42. **Fiduciary and Safeguards.** The WB portfolio continued to use the country's financial management systems as a default option when feasible. It has enabled the creation and maintenance of robust financial accountability and reporting arrangements for external audits and for public access to comply with both the WB policy on Access to Information and DR's 2004 law on Citizen Access to Public Information. The quality of financial reporting improved during the CPS followed by financial management and audit training provided to the projects and audit firms. However, further improvements are needed for timely submission of financial reports, budget and variance monitoring to better support project implementation. The WB's portfolio was compliant with safeguard policies. The WBG has provided oversight and capacity building support on safeguards, including training on the new Environment and Social Safeguard Framework (ESF) for high-level government officials and relevant stakeholders, including representatives of development partners and civil society organizations.

43. **Close coordination and harmonization with development partners continued through the CPS period.** The WBG played a convening role among donors by arranging regular and ad-hoc meetings to coordinate actions, promote synergies, and complement activities in key sectors. During the CPS period, the WB has worked closely with the Inter-American Development Bank (IDB), the European Investment Bank (EIB) and the Organization of Petroleum Exporting Countries (OPEC) in the energy sector. In addition, it has worked with the French Development Agency and the European Investment Bank (EIB) in preparing the DR Resilient Agriculture and Integrated Water Resources Management Project (P163260), approved in FY19, with good perspectives for co-financing. The WB also partnered with the European union (EU) and the United States Agency for International Development (USAID) in public financial management and citizen engagement. The WB also maintains a regular macroeconomic dialogue with the IMF.

VIII. ALIGNMENT WITH CORPORATE GOALS

44. **The CPS program was aligned with and strengthened its focus in areas important for poverty reduction and shared prosperity in the DR.** The three CPS Pillars were focused on strengthening economic growth and furthering inclusion in a resilient and sustainable manner. Moreover, the WB portfolio supported key initiatives that fostered sustainable growth and poverty reduction. For example, the Integrated Social Protection and Promotion Project (P147213) targeted 14 provinces with the highest levels of extreme-poverty and extremely poor households. The Municipal Development Project (P095863) also improved access to basic services and strengthened institutional capacities of 31 poor municipalities. Policies supported by the ongoing Cat DDO (P159351) are expected to provide the Government with the appropriate mechanisms to increase fiscal resilience and capacity to mobilize resources to the most vulnerable communities and make them more resilient. In addition, households and consumers from the DR tourist area (Puerta Plata region) benefitted from the provision of efficient and sustainable water and sanitation services through the Water and Sanitation in Tourist Areas Project PASCT (P054221).

IX. LESSONS LEARNED

45. **Coordination among key ministries for alignment in priorities and availability of associated fiscal space, is key to inform program and investment decisions.** WBG portfolio faced implementation

delays caused by recalibration of government priorities mainly due to shift in priorities and fiscal constraints. At the midterm review of the CPS, the WBG program intensified its coordination - with both MEPyD and Ministry of Finance - on new and existing operations and is maintaining regular dialogue on timely inclusion of requisite allocation in the budget, spending authorizations, and availability of counterpart financing. Going forward active dialogue and coordination with key stakeholders are essential in clarifying future priorities that are aligned with government demand. In addition, more attention needs to be given to electoral periods which may delay the implementation of the program.

46. **Leadership and strong political commitment from the Government is required to advance the reform agenda.** Experience shows that the reforms supported through Public Sector Management DPF were mostly successful in areas where there was strong government ownership at both the leadership and technical levels to adopt and sustain the reform agenda. A deeper consideration of the political economy is necessary to improve the performance of WBG support in the DR.

47. **The policy dialogue conducted through the knowledge and advisory services was effective but could be strengthened further to lead to a more realistic program in the future.** The Government valued the WB's technical assistance and diagnostic work. "Just-in-Time" Policy Notes helped the Government to realign and adjust its priorities to the emerging country context. Numerous diagnostic works informed the policy and strategic dialogue between the WBG and the authorities during the CPS program. Future ASA work needs to continue to be timely, strategic and selective and well aligned with Government demand and with the CPF objectives.

48. **Results-based financing instruments in DR can be effective when carefully designed and aligned with the Government's reform program.** The CPS experience from the Support to National Education Pact project indicates that RBF mechanism using the Disbursement Linked Indicators (DLI, now known as performance-based conditions) helped refocus the Government's policy dialogue on improving the quality of education systems, which is crucial for improving learning outcomes. In addition, it helped build coordination among key Government ministries and enabled various government agencies explore alternative implementation approaches as part of the already existing processes of the ministries.

49. **In the context of DR, standalone DPFs may face challenges in ensuring sustainability and implementation of reforms that the program supported as opposed to programmatic approach.** Long-term vision, which may include programmatic policy operations, can help to sustain the momentum of reforms while enabling the WBG to remain engaged with the Government in supporting the implementation of policy reforms. This approach would help build a constituency for the reform program in a well sequenced and incremental way. In addition, a full integration of technical assistance and analytical work will further maximize results in policy lending.

50. **A more structured approach to mainstream gender is needed.** While the CPS program increased focus on gender-related activities in the portfolio by integrating gender aggregated indicators, a more consistent approach to promote gender equality is needed across the program. Future operations should be more gender informed in all three dimensions (analysis, actions and monitoring and evaluation) to improve inclusion. A systematic way to integrate gender issues is needed such as: (i) gender analysis for all projects to identify opportunities and issues upstream; (ii) inclusion of gender experts in design and supervision teams; and (iii) enhanced monitoring of gender outcomes and impacts to measure the qualitative dimensions of gender.

51. **CPF design needs to better consider the impact of the country's political cycle in implementing the WBG program.** The implementation of the CPS program was hampered by the reorientation of government priorities following the 2016 political elections. This implied delay in designing the PLR and caused substantial adjustments to the CPS program, which affected the original design (e.g., retrofitting results, dropping active lending program from the CPS objectives).

52. **Realism of results need to be considered for the design of future CPF.** It is critical to be more realistic in designing CPF results framework to ensure strong linkages between the CPF objectives and the WBG operations. The CPS results matrix was significantly streamlined during PLR which helped to improve linkages between stated objectives and their related intervention.

Annex 3. Selected Indicators of Bank Portfolio Performance and Management

CAS Annex B2 - Dominican Republic

Selected Indicators* of Bank Portfolio Performance and Management

As of Date 02/28/2022

Indicator	FY19	FY20	FY21	FY22
Portfolio Assessment				
Number of Projects Under Implementation [a]	5.0	6.0	5.0	6.0
Average Implementation Period (years) [b]	2.8	3.2	4.0	4.0
Percent of Problem Projects by Number [a, c]	0.0	0.0	20.0	0.0
Percent of Problem Projects by Amount [a, c]	0.0	0.0	17.1	0.0
Percent of Projects at Risk by Number [a, d]	20.0	16.7	20.0	16.7
Percent of Projects at Risk by Amount [a, d]	26.1	26.1	17.1	13.3
Disbursement Ratio (%) [e]	30.8	17.9	11.9	6.8
Portfolio Management				
CPPR during the year (yes/no)				
Supervision Resources (total US$)				
Average Supervision (US$/project)				

Memorandum Item	Since FY80	Last Five FYs
Proj Eval by IEG by Number	47	1
Proj Eval by IEG by Amt (US$ millions)	1,941.8	27.5
% of IEG Projects Rated U or HU by Number	28.3	0.0
% of IEG Projects Rated U or HU by Amt	21.8	0.0

a. As shown in the Annual Report on Portfolio Performance (except for current FY).

b. Average age of projects in the Bank's country portfolio.

c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).

d. As defined under the Portfolio Improvement Program.

e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: Investment projects only.

* All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year.

Annex 4. Operations Portfolio (IBRD/IDA and Grants)

Table 1. Dominican Republic: Lending

Project ID	Project Name	Len. Inst	FY	Total Comm. (US$M)
P175874	Electricity Reform for Sustainable Growth Development Policy Loan (Series 1)	DPF	2022	400
P176581	Support to the National Housing Program	IPF	2022	100
P178122	Dominican Republic Second DRM Development Policy Loan with a Cat DDO	DPF	2023	200
P177823	Dominican Republic Water Sector Modernization Program	P4R	2023	250
P178571	Electricity Reform for Sustainable Growth Development Policy Loan (Series 2)	DPF	2023	*TBD*
TOTAL				**950 + Energy DPL 2**

Table 2. Dominican Republic: Supervision

Project ID	Project Name	Fiscal Year	Closing Date	IBRD ($M)	Grant ($M)	Undisb. Bal. ($M)
P146831	Support to the National Education Pact Project	2016	30-Sep-2022	50.0	0.0	10.9
P147213	INTEGRATED SOCIAL PROTECTION AND PROMOTION PROJECT	2015	20-Mar-2022	75.0	0.0	9.6
P147277	Distribution Grid Modernization and Loss Reduction Project	2016	31-Aug-2022	120.0	0.0	25.8
P161182	Dominican Republic Emissions Reduction Program	2021	31-Dec-2025	0.0	25.0	25.0
P163260	DR Resilient Agriculture and Integrated Water Resources Management	2019	2-Oct-2026	80.0	0.0	80.0
P170848	Integrated Landscape Management in Dominican Republic Watersheds	2022	30-Apr-2026	0.0	4.1	4.1
P171778	Water Supply and Wastewater Services Improvement Project	2021	27-May-2026	43.5	0.0	43.5
TOTAL				**368.5**	**29.1**	**198.8**

Table 3. Dominican Republic: Ongoing and Planned Advisory Services and Analytics (ASA)

Taks ID	Task Name	Lead GP/Global Themes	ACS - Original/Revised Date
P159392	Strengthening Citizen Engagement and Transparency to Improve the Delivery of Public Services in the Dominican Republic	Governance	30-Dec-2022
P172715	Enhancing Resilient Territorial Development in the Dominican Republic	Urban, Resilience and Land	27-Jul-2022
P173083	Decarbonization pathways for the Dominican Republic: Assessment and development of the current NDC	Energy & Extractives	15-Jun-2022
P176491	Strengthening Consumer Protection in the Dominican Republic	Finance, Competitiveness, and Innovation	7-Dec-2022
P176709	Dominican Republic Country Economic Memorandum	Macroeconomics, Trade, and Investment	17-Jun-2022
P177211	Towards an Adaptive Social Protection System in the Dominican Republic	Social Protection & Jobs	28-Feb-2023
P177382	Dominican Republic Poverty Assessment	Poverty and Equity	31-Aug-2022
P177705	Strengthening Dominican Republic's Inclusive and Sustainable FDI and Export Growth	Finance, Competitiveness, and Innovation	31-Jul-2023
P178396	Dominican Republic’s health system through digital data and information systems	Health, Nutrition & Population	30-Apr-2024
P178503	DR Trade Engagement	Finance, Competitiveness, and Innovation	31-May-2023
P178504	DR Investment Climate Engagement	Finance, Competitiveness, and Innovation	7-Jul-2023

Annex 5. Statement of IFC's Held and Disbursed Portfolio

IFC's Committed & Outstanding Investment Portfolio/Program - December 2021 (Values in US$ Million)										
Industry	Institution	Project ID	Loan	Equity	Quasi-loan/equity	Guarantees and Risk Mgmt	Total Committed	Total Outstanding (IFC's OA)	Core Mobilization*	Total Program (Com. + Mob.)
FIG	ADOPEM	37282	3.4	0.0	0.0	0.0	3.4	3.4	0.0	3.4
	Banco BHD	33783; 38871; 40922	71.9	0.0	30.0	0.0	101.9	101.9	0.0	101.9
	Centro Fin BHD	26142; 30926	0.0	8.2	0.0	0.0	8.2	8.2	21.7	30.0
TOTAL FIG			75.2	8.2	30.0	0.0	113.4	113.4	21.7	135.2
INFRA	InterEnergy	26221	0.0	50.0	0.0	0.0	50.0	50.0	60.0	110.0
	Pecasa	32227; 40889	16.0	0.0	0.0	7.7	23.7	23.7	44.5	68.2
	Wind Telecom DR	30513; 27526; 30551; 43826; 34167; 37796	0.0	15.2	0.0	0.0	15.2	15.2	12.0	27.2
TOTAL INFRA			16.0	65.2	0.0	7.7	88.9	88.9	116.5	205.4
MAS	Tropicalia 4S	38846; 41175	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL MAS			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL PORTFOLIO			**91.3**	**73.4**	**30.0**	**7.7**	**202.3**	**202.3**	**138.2**	**340.5**

**Core Mobilization contains four categories: Traditional, IFC Initiatives, AMC mobilization, and Public-Private Partnership Mobilization.*
Figures with cut-off dates as of Dec 2021.

Annex 6. MIGA’s Guarantee Portfolio

Project name	Effective date	Expiration date	Investor	Sector	Gross Exposure (millions)
Nordeste Highways (Autopistas Del Nordeste C por A)	02/28/2006	02/27/2026	Autopistas del Nordeste (Cayman) Limited	Infrastructure	US$ 33.7
Nordeste Highways (Autopistas Del Nordeste C por A)	02/28/2006	02/27/2026	Group Odinsa	Infrastructure	US$ 4.6
Total					**US$ 38.3**

Annex 7. IBRD Indicative Lending

FY	PROJECT	IBRD (US$ million)
FY22	Electricity Reform for Sustainable Growth DPL	400
	Support to the National Housing Program	100
	Sub-total FY22	**500**
FY23	Dominican Republic Water Sector Modernization Program	250
	Dominican Republic Second DRM Development Policy Loan with a Cat DDO	200
	Electricity Reform for sustainable Growth DPL (Series 2)	*TBD*
	Sub-total FY23	**450 + DPL 2**
FY24	Education/Skills Operation	100
	Support to the Dominican Republic's Social Protection System	120
	Sub-total FY24	**220**
FY25	Governance/Public Sector Efficiency	50
	Health / Improve Quality of primary Health Services	100
	Sub-total FY25	**150**
FY26	Environmental Sustainability and Blue Economy Assets	100
	Sub-total FY26	**100**
TOTAL		**1,420.00 + DPL 2**

Annex 8. Gender Equality in the Dominican Republic

1. **The DR performs poorly in terms of gender equality.** International rankings indicate that the Dominican Republic still has much work to do closing existing gaps between women and men. The country ranks 112 out of 189 countries worldwide in the 2020 United Nations Development Program (UNDP) Gender Inequality Index, and the COVID-19 crisis has widened existing gaps, especially among the most vulnerable.

2. **The Women's Agency in the DR is deficient and has translated into unequal outcomes in access to health, education, and economic opportunities for women**. The country has the highest prevalence of child marriage in the LAC region; child marriage is especially common in rural areas and among poorer and less educated girls. Accordingly, adolescent pregnancy in the DR is exceptionally high by global standards, at 93 births per 1,000 women ages 15-19 years in 2018, much higher than the LAC average (62.1). [xxvi]

3. **Gender inequality can have sizeable costs for the wealth of the country.** Estimates show that the loss of human capital wealth due to gender inequality represents $185.4 billion in 2018, equivalent to 2.2 percent of GDP.[xxvii]

4. **Dominican women face considerable asymmetries in the labor market when compared to men**. Starting with a lower labor participation rate (64 percent for women vs. 74 percent for men)[xxviii], women are more likely than men to experience unemployment and to work fewer hours; they are also likely to earn less than men even when employed in the same sector (on average they earn 85 percent of men´s earnings). The wage gap is even larger in the informal sector, where women make only 60 percent of men´s earnings on average.

5. **The sanitary and economic crises triggered by the COVID-19 pandemic increased poverty, with more pronounced effects on women.** The brunt of job losses resulted in higher poverty rates for females than males. In 2020, for every 100 poor men there were 118 poor women (compared to 116 in 2019). Urban women have been particularly affected. Women represented 42 percent of the labor force in 2019 but accounted for 54 percent of those who stopped working or looking for a job in 2020.[xxix] In other words, the female participation rate fell by around 8 percentage points while the male participation rate fell by 5 percentage points. The informal sector, which represents around half of female employment, accounted for 60 percent of job losses.[xxx]

6. **Dominican girls stay longer in school and have a higher learning range than boys; however, many of them do not complete their basic education and perform poorly when compared to girls in other countries in the region**. As girls enter their adolescence, existing gender roles and social norms affect their ability to stay in school and to transition into work, particularly among the poorest. The pace of poverty reduction over the last decade has not been proportional to the country's growth performance, and gains have not been commensurate between women and men. Poverty rates have been consistently higher among women than men, and by 2019 the share of women-headed households living below the poverty line was 25 percent (versus 19 percent for men-headed households). Since 2005, little progress has been accomplished toward closing poverty gaps between men and women. [xxxi]

7. **Violence against women is widespread.** In 2018, 69 percent of women ages 15+ experienced some form of violence by a current or former partner (72 percent in urban areas - Survey on Women Situation). The DR also ranks third highest in the LAC region in the rate of women as homicide victims, following Honduras and El Salvador (with 6.2, 3.3, and 2.7 killed per 100,000 women in 2019, respectively).[xxxii]

8. **Tackling gender inequalities is a high priority for the GoDR Agenda and for international development organizations in the DR**. The World Bank Group recently concluded a Gender Assessment under the Caribbean Poverty and Equity PA (P171102), aiming to deepen the World Bank's engagement on policy dialogue and reform on poverty, equity, and gender. Furthermore, gender is a main crosscutting topic among the active portfolio operations such as Infrastructure Reform for Sustainable Growth (P175874), Support to the National Housing Program (P176581), Dominican Republic Water Sector Modernization Program (P177823) and the Second DRM Development Policy Loan with a Cat DDO (P178122).

9. **The WB's commitment to tackle gender inequality in the DR strengthens interagency collaboration.** The WB is fully committed to and is exploring ways to support development partners' loan operations, such as the IDB, in addressing a holistic strategy to reinforce women's economic inclusion and reduce gender-based violence. Examples of these operations include Women City (*Ciudad Mujer*), which aims to improve the living conditions of girls and women aged 10 or older in Greater Santo Domingo and Santiago in terms of economic inclusion, sexual and reproductive health, victimization by intimate partner violence (IPV), and risk of adolescent pregnancy by providing integrated services for women and girls at the *Ciudad Mujer* Centers (CCMs).

Annex 9. Migration in the Dominican Republic as an Opportunity for Inclusive Development

1. **With foreign workers making up 6.1 percent of the population and 9 percent of the total labor force, immigration rates are low but still among the highest rates in the LAC region.** [xxxiii] Dominican firms' demand for foreign workers has been strong and is projected to increase slightly by 2023. Agriculture is the sector with the largest demand for immigrant workers, who account for 54 percent of its labor force; this sector is followed by construction, where immigrant workers make up about 53 percent of the labor force.[xxxiv] In tourism and retail trade, immigrants represent 18 and 14 percent of the labor force, respectively. Sharing a border with Haiti—a much poorer country—has facilitated the migration of Haitians to the DR for economic reasons.

2. **Dominican households also emigrate often, with the stock of the Dominican population in the United States reaching over two million individuals by 2017.** As a result, remittances have accounted for a relatively large flow in relation to the country's per capita income, reaching a historical high of almost 11 percent of GDP in 2021, or three times the amount of FDI inflows. [xxxv] Migrants abroad sent US$ 8.3 billion to 400,000 Dominican families during the pandemic. While the bulk of remittances goes to the middle class, the 2018 SCD estimated that moderate poverty would increase by around 2-3 percentage points (and extreme poverty by 1-2 pp) in the absence of remittances to households during the 2008-16 period. [xxxvi]

3. **Strengthening social and economic integration can help maximize the net developmental gains of immigration.** The DR's immigration policy favors qualified immigration (investors and retirees) subject to national needs, but it also established mechanisms, albeit cumbersome, to facilitate temporal workers agreements, and transition across migratory. However, easing foreign labor market frictions, managing migration flows, and strengthening conditions for the social and economic integration of migrants remain challenges that can be transformed into development opportunities. Immigrants from Haiti (about 500,000 in 2017) represented nearly 5 percent of population, of which 66 percent are in urban areas. Their remittances amounted to about US$80 million and has been flat since 2018.[xxxvii] Their potential vulnerability and exclusion are threats to social cohesion, as most of them lack a regular migration status (including about 13 percent born in the DR) making them vulnerable to exploitation and discrimination. Aware of these challenges and building on a new and strengthened migratory policy framework, the National Pluriannual Plan 2020-2024 foresees concrete steps towards maximizing the benefits of migration in line with national development goals. But this long-standing issue is complex, with historical and cultural layers requiring careful domestic and international management.

Annex 10. Multiannual National Public Sector Plan 2020-2024 and HLO Selectivity

	33 Government Priorities under Multiannual National Public Sector Plan	HLO's CPF 2022-2026
1	Formal employment	HLO-2
2	Security	--
3	Comprehensive policies to create opportunities	--
4	Universal health access	HLO-1
5	Education quality and equity	HLO-2
6	Create opportunities for youth	HLO-1 and 2
7	Gender equality, women's empowerment, and no gender-based violence	Cross Cutting
8	Transformation of higher education, science and technology	--
9	Culture for change	--
10	Sports	--
11	Rural population, agricultural and fisheries development	HLO-3
12	Access to water and management of water resources	HLO-3
13	Reliable and quality energy	HLO-1
14	Decent housing as a human right	HLO-2
15	Modern and institutional state	HLO-1
16	Modernization of legal framework	--
17	Combat corruption	Cross Cutting
18	Digital transformation	--
19	Tourism as an opportunity	--
20	Responsible mining	--
21	Commerce	--
22	Industrial development	HLO-2
23	MSMES promotion	HLO-2
24	Environmental sustainability and climate change in an island country	HLO-3
25	National policy of production and sustainable consumption	--
26	Territorial and municipal development policy	HLO-1 and 3
27	Transport sector transformation	--
28	Foreign policy	--
29	Diaspora policy	--
30	National Planning System focused on results	HLO1
31	Data management for decision making	HLO1
32	Public debt, expenditure, and taxes	HLO1
33	Credible monetary policy	--

Annex 11. Recent Development Indicators of the DR and selected peers in LAC and other regions

Indicator	GNI per capita, Atlas method (current US$)	Rank (TOP)	Mortality rate, infant (per 1,000 live births)	Rank (Lowest)	Mortality rate, under-5 (per 1,000 live births)	Rank (Lowest)	Maternal mortality ratio (modeled estimate, per 100,000 live births)	Rank (Lowest)	Maternal mortality ratio (national estimate, per 100,000 live births)	Rank (Lowest)
Chile	14,990	1	6	4	7	3	6	4	7	3
Panama	14,920	2	13	12	15	12	13	12	15	12
Romania	12,620	3	6	3	7	4	6	3	7	4
Costa Rica	12,090	4	7	6	8	6	7	6	8	6
Mexico	9,470	5	12	11	14	11	13	11	15	11
Montenegro	9,130	6	2	1	3	1	2	1	3	1
DR	**8,100**	**7**	**28**	**17**	**34**	**17**	**95**	**17**	**97**	**17**
Serbia	7,040	8	5	2	6	2	5	2	6	2
Peru	6,790	9	10	8	13	8	11	8	14	8
Colombia	6,570	10	12	10	14	10	12	10	14	10
Ecuador	6,090	11	12	9	13	9	12	9	14	9
Fiji	5,800	12	23	16	27	16	22	16	26	16
Albania	5,230	13	9	7	10	7	9	7	10	7
Guatemala	4,610	14	21	15	25	15	21	15	25	15
Sri Lanka	4,010	15	6	5	7	5	6	5	8	5
Tunisia	3,580	16	15	14	17	14	15	13	17	13
Honduras	2,380	17	14	13	17	13	15	14	17	14

Indicator	Government Integrity Index (Score)	Rank (TOP)	Domestic credit to private sector (% of GDP)	Rank (TOP)	Persistence to last grade of primary, total (% of cohort)	Rank (TOP)	Renewable energy consumption (% of total final energy consumption)	Rank (TOP)	Human capital index (HCI) (scale 0-1)	Rank (TOP)
Chile	62	1	124	1	100	1	25	10	0.7	2
Panama	34	8	87	3	86	14	24	11	0.5	12
Romania	40	4	25	17	94	8	23	12	0.6	10
Costa Rica	55	2	56	6	93	10	36	6	0.6	6
Mexico	26	13	37	13	97	5	10	17	0.6	5
Montenegro	40	5	49	9	99	2	41	4	0.6	4
DR	**23**	**17**	**28**	**16**	**85**	**15**	**16**	**15**	**0.5**	**14**
Serbia	37	6	42	12	98	4	21	13	0.8	1
Peru	32	10	45	10	93	11	28	8	0.6	9
Colombia	34	9	52	7	95	7	31	7	0.6	7
Ecuador	25	14	42	11	97	6	16	14	0.6	8
Fiji	23	16	101	2	91	12	28	9	.	
Albania	40	3	34	15	89	13	38	5	0.6	3
Guatemala	26	12	34	14	76	17	64	1	0.5	16
Sri Lanka	29	11	50	8	99	3	51	2	0.6	11
Tunisia	37	7	82	4	94	9	12	16	0.5	13
Honduras	25	14	64	5	77	16	50	3	0.5	15

Indicator	Corruption Perceptions Index (Score, higher less corrupt)	Rank (TOP)	Primary completion rate, total (% of relevant age group)	Rank (TOP)	People using at least basic sanitation services (% of population)	Rank (TOP)	Domestic credit provided by financial sector (% of GDP)	Rank (TOP)	Access to clean fuels and technologies for cooking (% of population)	Rank (TOP)
Chile	67	1	98	10	100	1	142	1	100	1
Panama	36		90	14	83	14	80	4	100	1
Romania	44	4	85	15	86	13	.		100	1
Costa Rica	56	2	103	4	98	5	79	5	96	5
Mexico	29	13	102	5	92	10	58	9	85	9
Montenegro	45	3	97	11	98	6	.		62	13
DR	**28**	**14**	**93**	**13**	**87**	**12**	**50**	**10**	**91**	**8**
Serbia	39	6	99	9	98	4	.		66	12
Peru	36	10	99	8	78	16	.		83	10
Colombia	37	9	107	2	93	9	69	6	94	6
Ecuador	38	7	101	6	91	11	44	11	94	7
Fiji	.		109	1	99	3	135	2	50	14
Albania	35	12	103	3	99	2	61	8	81	11
Guatemala	26		79	17	68	17	44	12	49	15
Sri Lanka	38		99	7	94	8	.		31	17
Tunisia	43	5	95	12	96	7	93	3	100	4
Honduras	26	15	79	16	83	15	66	7	45	16

Indicator	People using at least basic drinking water services (% of population)	Rank (TOP)	General government gross debt, % of GDP	Rank (TOP)	Personal remittances, received (% of GDP)	Rank (TOP)	Poverty headcount ratio at $5.50 a day (2011 PPP) (% of population)	Rank (Lowest)
Chile	100	2	28	15	0	17	4	1
Panama	94	14	42	13	1	15	12	4
Romania	100	1	37	14	3	10	11	3
Costa Rica	100	3	57	5	1	16	11	2
Mexico	99	4	53	7	3	11	23	10
Montenegro	99	5	79	2	11	3	16	6
DR	**97**	**8**	**54**	**6**	**8**	**5**	**12**	**5**
Serbia	95	11	53	8	8	6	19	8
Peru	93	16	27	16	1	14	21	9
Colombia	97	6	52	9	2	13	29	12
Ecuador	95	10	51	10	3	12	25	11
Fiji	94	13	49	11	5	8	36	14
Albania	95	12	68	4	10	4	34	13
Guatemala	94	15	26	17	14	2	49	17
Sri Lanka	92	17	87	1	8	7	42	15
Tunisia	97	7	74	3	5	9	18	7
Honduras	95	9	43	12	22	1	49	16

[i] Coronavirus Resource Center. John Hopkins Data. 2021
[ii] SCD - Report No. 10986-DR
[iii] Poll Results by Cibao Economic Centre (Centro Económico del Cibao) Link.
[iviv] ASA Caribbean Poverty and Equity Assessment P171102
[v] Standards and Poor (S&P)/Fitch sovereign rating in 2021 is BB-. Their December 2021 report suggests this: "The stable outlook balances our view of the country's impressive economic dynamism and ability to quickly rebound from external shocks with its weak public finances and shortcomings in its institutional assessment, as shown by repeated delays in passing meaningful tax reforms." Link
[vi] World Bank calculations, subtask of the Caribbean Poverty and Equity PA (P171102).
[vii] By 2017 several technical and methodologically updates were introduced The household survey used for poverty calculation (Encuesta Nacional de Fuerza de Trabajo – ENFT) was retitled as the Encuesta Continua Nacional de Fuerza de Trabajo (ECNFT). Given the technical improvement, poverty figures calculated with the ENFT and the ECNFT are not strictly comparable between them.
[viii] The Organisation for Economic Co-operation and Development (OECD)'s Programme for International Student Assessment (PISA) which measures 15-year-olds' ability to use their reading, mathematics and science knowledge and skills to meet real-life challenges
[ix] Strengthening Dominican Republic's Inclusive and Sustainable FDI and Export Growth (P177705)
[x] UN Habitat 2019 Annual Report.
[xi] A series of webinars on the following topics: (i) general introduction to climate science and latest developments, (ii) developments in micro-prudential regulations and supervision, (iii) physical and transition risk stress testing, (iv) green taxonomies, (v) beyond climate: biodiversity risk for the financial sector (vi) green finance: developments and role of supervisors, (vii) Central Banks and other financial sector authorities to stimulate green finance (viii) capacity and strategy building for climate risk integration, and (ix) integrating climate risk in monetary policy.
[xii] Including tree-shaded crops such as cocoa and coffee.
[xiii] P. Ovalles, Consultation Drafting of Land Use and Land Cover 2015 Analysis of Changes and Map of Deforestation in the Dominican Republic: emissions reductions due to deforestation and forest degradation (Reducing Emissions from Deforestation and forest Degradation, conservation of forest carbon stocks, sustainable management of forest, and enhancement of forest carbon stocks (REDD+)). Final Report, 2018. 70 pages.
[xiv] Country Disaster Risk Profile for Dominican Republic. See https://www.gfdrr.org/sites/default/files/publication/Final_CDRP_DR-eng.pdf
[xv] CO_2 emissions in 2013 were 24 million metric tons of carbon dioxide equivalent (MtCO2e) dominated by energy (85 percent), agriculture (32 percent), industrial processes (10 percent) and waste (8 percent). Land use change and forestry represented a net carbon sink of 36 percent of total gross emissions.

[xvi] The World Bank supported the government to update its Nationally Determined Contribution (NDC) for energy, transportation, and land use, land-use change, and forestry (LULUCF) sectors, and is currently providing technical assistance to improve NDC governance.
[xvii] The SINAP has played a key role in the conservation of protected areas, with concomitant reductions of pressure on natural forests, with the result that the Dominican Republic now has significant areas of the national territory in protected areas oriented toward the conservation of biodiversity with significant potential to drive eco-tourism.
[xviii] Reducing Emissions from Deforestation and forest Degradation, conservation of forest carbon stocks, sustainable management of forest, and enhancement of forest carbon stocks.
[xix] These integrated approaches can further leverage the economic potential of forests, which would also have downstream benefits for coastal and marine resources. For example, reforestation could be expanded to support commercial production of firewood, which is the main source of energy for rural households, and wood biomass for energy generation, which is an important part of a more sustainable energy matrix. Agroforestry, silvopastoralism, and other agricultural byproducts could be included as biomass sources, which would have the potential to improve production and returns, diversify income streams for producers, increase the value of trees and forests, and ultimately reduce encroachment of agricultural production into forests.
[xx] Through the implementation of demand-driven packages of investments and technical assistance for family farmers to support sustainable land management practices such as conservation agriculture, agroforestry, and integrated crop-livestock systems.
[i] DR Law 340-06 on 'Purchases and Contracting of Goods, Services, Works and Concessions' provides that all internationally funded projects are exempted from the application of the said law.
[xxi] This indicator is expected to be calculated and reported by the Ministry of Economy and Planning based on training provided by the WB. However, if this ends up not being the case, the PLR might need to consider dropping it.
[xxii] The Recovery needs Assessment for the Social and Economic Impacts of COVID-19. Link.
[xxiii] Source: UNCTAD-EORA Database and World Bank WDI. Note: GVC (global value chain) intensity is the sum of DVX and FVA, as a share of total value added of exports.
[xxiv] This target is expected to increase with the design of the Dominican Republic Water Sector Modernization Program (P177823).
[xxv] This target is expected to increase with the addition of the Dominican Republic Water Sector Modernization Program

(P177823).

[xxvi] UNDP (2018) and Adolescent fertility rate, births per 1,000 women ages 15-19. Link.
[xxvii] WBG estimates based in human capital (wealth approach), defined as the present value of the future earnings of today's labor force for individuals aged 15 and above.
[xxviii] Labor Force Participation Rate, Female and Male (% population ages 15+) National Estimate. Link.
[xxix] Labor Force, female (% of total labor force) Derived using data from International Labor Organization. Link.
[xxx] Dominican Republic Gender Assessment (ongoing). World Bank. Poverty and Equity Global Practice. Washington DC.
[xxxi] Dominican Republic Gender Assessment (ongoing). World Bank. Poverty and Equity Global Practice. Washington DC.
[xxxii] ECLAC, Gender Equality Observatory for Latin America and the Caribbean, Femicide or Feminicide LAC Indicators. Link.
[xxxiii] Instituto Nacional de Migración (INM). (2021). *Plan Estratégico Institucional 2021-2024*. Santo Domingo.
[xxxiv] According to Cruz and Vargas (2019), of the total agricultural labor force, 28.2 percent is Haitian, 26.1 percent are immigrants of other nationalities, and 0.1 percent are people born in the Dominican Republic to foreign parents.
[xxxv] Over the past decade, remittances average around 7 percent of GDP (WDI).
[xxxvi] Over the past decade, remittances average around 7 percent of GDP (WDI).
[xxxvii] Global historical evidence shows that at both the individual and societal levels, the medium and long-term benefits of migration (to economic activity, productivity, and innovation) outweight its short-term costs (Clemens, 2014; World Bank, 2019).