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# Program Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 30-Apr-2024 | Report No: PIDPA00115



## BASIC INFORMATION

### A. Basic Program Data

Project Beneficiary(ies)	Region	Operation ID	Operation Name
Chile	LATIN AMERICA AND CARIBBEAN	P180253	Improving the Quality of Intersectoral Social Protection in Chile
Financing Instrument	Estimated Appraisal Date	Estimated Approval Date	Practice Area (Lead)
Program-for-Results Financing (PforR)	06-May-2024	01-Oct-2024	Social Protection & Jobs
Borrower(s)	Implementing Agency		
Republic of Chile	Ministry of Social Development and Family		

#### Proposed Program Development Objective(s)

To increase the inclusiveness, effectiveness, and efficiency of intersectoral social protection interventions.

## COST & FINANCING (US\$, Millions)

### Maximizing Finance for Development

Is this an MFD-Enabling Project (MFD-EP)? No

Is this project Private Capital Enabling (PCE)? No

### SUMMARY

<b>Government program Cost</b>	<b>5,064.00</b>
<b>Total Operation Cost</b>	<b>5,063.62</b>
Total Program Cost	5,063.25
Other Costs (Front-end fee,IBRD)	0.38
<b>Total Financing</b>	<b>5,063.62</b>
<b>Financing Gap</b>	<b>0.00</b>

## FINANCING



<b>Total World Bank Group Financing</b>	<b>150.00</b>
World Bank Lending	150.00
<b>Total Government Contribution</b>	<b>4,913.62</b>

### Decision

The review did authorize the team to appraise and negotiate

## B. Introduction and Context

### Country Context

**1. Initially buoyed by the fiscal response to COVID-19, the Chilean economy is now returning to long-standing growth challenges.** Economic activity showed signs of stabilizing in the second half of 2023. Quarterly growth projections indicate a real GDP growth of around 1.5-2 per cent in 2024 and 2-2.5 per cent in the medium term. At the same time, inflation sharply accelerated in 2022, driven by demand pressures amid an overheated economy. This was exacerbated by high energy prices and global supply shocks. As a result, the value of the Basic Food Basket rose by 28.2 percent, significantly impacting households in the bottom 40 percent of the income distribution who spend almost three times more on food than the better off, measured as a share of expenditures.<sup>1</sup> Price pressures have eased recently, allowing inflation to moderate to 4-4.5 percent (y/y) by the end of 2023. Boosting productivity growth, which has been declining for decades, will be vital for creating well paid formal jobs and to support the convergence of Chile’s per capita income to the level of advanced economies, which has reversed since 2014, relative to the Organization for Economic Cooperation and Development (OECD) average.

**2. Chile has lowered income poverty, but inequality remains high and labor market performance has not returned to pre-pandemic levels.** The proportion of the population living on less than US\$6.85 a day (2017 purchasing power parity, PPP), a standard metric used for comparing high-income countries, dropped from 29.9 percent in 2006 to 8.0 percent in 2020, and to 4.8 percent in 2022. The recent decline was likely due in part to the impact of emergency cash transfers and the new minimum guaranteed pension. Inequality (Gini of .43 in 2022) remains high. Unemployment at 8.5 percent at the end of 2023 is 0.6 percent higher than in 2022. While female labor force participation had increased from less than 40 percent in 2000 to 58 percent in 2019, it sharply dropped in 2020, wiping out a decade of progress. As of October-December 2023, the participation rate stands at 52.6 percent, still below its previous peak. Like other countries in LAC, Chile is well advanced in its population aging process, facing a growing demand for social and long-term care. The income and savings of the elderly are not sufficient to cover care services, and growing needs are met by informal or family care, largely provided by women, affecting their labor force participation and adding to existing childcare demands. A third of the elderly suffer from disabilities, most of them with severe levels of dependency, and are mostly care by unpaid female family members (70 percent). Family caregivers are also the norm for children and the general population with severe disability (around 10 percent).

<sup>1</sup> Calculations based on Chile’s Household Budget Survey, 2017 (*Encuesta de Presupuestos Familiares*)



**3. Against this backdrop, Chile is in a social and political transition to build a more equitable society.** President Boric's ascent to power in Chile marked a significant shift in the nation's political landscape. His election in December 2021 represented a public desire for change, particularly among younger voters, and those seeking a more equitable society. The new Government's focus has since been on fulfilling fundamental rights, aiming to address long-standing issues such as income inequality, access to quality healthcare, and educational reforms. This focus is part of a broader strategy to move Chile towards a more equitable and inclusive society.

## Sectoral and Institutional Context

**4. Comprehensive social protection covers the population in or at risk of poverty in Chile, as well as other social risks, such as victims of gender-based violence (GBV).** Over the course of more than two decades, Chile has developed a strong institutional and legal framework for social protection, one of the most extensive in LAC. Alongside strong economic growth, social protection programs played a significant role in improving social outcomes and reducing poverty. There are cash transfers, including a means-tested family allowance for formal workers (*Asignación Familiar*- AF), a poverty-targeted conditional family allowance for low-income informal workers (Unique Family Subsidy -SUF)<sup>2</sup>, conditional and unconditional cash transfers for families in extreme poverty, and others. In addition, there are active labor market programs, direct assistance, and social services that, together with cash transfers, address the main risks and vulnerabilities faced by families and individuals in, or at risk of, poverty throughout their life cycle. Many programs have been in place for a long time and have expanded over the years to cover new socioeconomic groups. The Ministry of Social Development and Family (MDSF), along with other line ministries, designs and funds these programs. Municipalities handle in-person applications and implement most social protection policies and programs at the local level through standard agreements with national government agencies. The Ministry of Women and Gender Equality (MMEG) is tasked with promoting equal rights and is working to eliminate all forms of violence or discrimination based on gender. Created in 2015, MMEG expands on the work the National Women's Service (SERNAM)- originally an independent service under MDSF- had been leading, including a mandate to have a national presence and to directly provide services to target populations such as GBV survivors.

**5. Improvements related to inclusiveness, effectiveness and efficiency are needed in intersectoral social protection to support Chile's new ambitions and to address remaining challenges.** While Chile's package of social protection policies – universal, targeted, and intersectoral - has succeeded in supporting vulnerable households over the past two decades, the Government has identified the need for further reforms. In March 2022, Congress passed the Guarantees and Integral Protection of Children and Adolescents Law, which aims to create a system of comprehensive guarantees and protection for child rights, including an adequate standard of living, development, identity, health and health services, education and social security with simple and rapid procedures that ensure rapid and timely access to benefits.<sup>3</sup> The ambition of the Government is the progressive realization of a minimum social protection floor, starting with implementation of the law. Additionally, MDSF has resumed the process of creating the National Care System (*Sistema Nacional de Cuidados* -SNC) to support caregivers and those in need of care. Improvements are needed to make services for *Familias* beneficiaries and victims of GBV more effective and strengthen shock-responsiveness. These reforms, supported by related improvements in processes and management tools, will be critical for consolidating Chile's progress in reducing poverty and inequality and to enable the social protection system to respond better to the needs of vulnerable groups and their changing circumstances.

<sup>2</sup> There are also family allowances for children with disabilities (physical and mental).

<sup>3</sup> Law N° 21.430 de Garantías y Protección Integral de la Niñez y Adolescencia



## PforR Program Scope

**6. The Program will support the National Care System and the Family Allowances system and their management and information systems. Within the programs and services under these systems, the PforR will focus on five specific vulnerable groups: those living in poverty, children and adolescents, dependents by age and/or disability and their caregivers (mostly women); persons affected by external shocks (mostly climate-related); and women victims of gender-based violence.** While there may be some overlap, each group represents a different category of support within the social protection system. They require different coordination and management processes, data and other tools for decision-making, as well as specific types of services and guarantees.

### Results Areas

**7. RA1-Inclusiveness. Gaps in coverage of social protection benefits and services are preventing the system from being fully inclusive.** Inclusion will be achieved through improving the access of eligible children to the Allowances System, of vulnerable children to locally organized services, and to care services for people with different levels of dependency.

**8. RA2-Effectiveness. Weaknesses in program implementation for the extreme poor and victims of GBV, and insufficient responsiveness to climate-related shocks, are hampering effectiveness. Improvements will be achieved through three activities.** The first activity relates to increased access to services for participants of *Familias*; the second focuses on improving the quality of services to prevent and respond to cases of gender-based violence; and the third relates to shock-responsiveness. To ensure that beneficiaries of the *Familias* program who need to improve their employment status and increase their income can access suitable education and active labor market programs in a timely manner, the MDSF will implement a range of measures. Despite having agreements with multiple agencies offering various programs, currently only a fraction of participants benefit from these services during their first year in *Familias*. The measures to be taken include expediting referrals by modifying the diagnostic stage of family coaching, providing better guidance to family coaches in this area, negotiating additional slots for *Familias* beneficiaries, streamlining the application processes to facilitate participation, mapping local programs, and enhancing monitoring and follow-up on referrals. To improve the response to gender-based violence, the Ministry of Women and Gender Equality will collaborate with institutions in the 'critical route', agencies which are first responders to victims. The collaboration will involve the use of an integrated GBV case management platform, which will provide secure access to critical data, an alert mechanism, and referrals to services. The goal is to support women through an improved integrated system and to increase the traceability of the support provided to them, including those that seek support without a formal report of GBV to the police or judiciary.

**9. RA3: Efficiency. The third results area focuses on increasing the efficiency of management and information systems to reduce transaction and time costs for system users and beneficiaries, including during shocks, and to improve case management at the local level.** MDSF is aiming to improve service delivery by modernizing digital access to services and information. It will do so by implementing an improved digital ecosystem (*Ecosistema Digital*) to modernize the management of data of its programs and services, increasing the interconnectedness of the back-end services and applications, and reduce the use of multiple platforms that create increased costs and burden to all users (beneficiaries and government workers that need to use or access these platforms). As part of these efforts, MDSF will create a single window (*Ventanilla Unica*) for end users that reflects the improved interoperability of the systems. The single window will serve as a one-stop platform for



accessing relevant information and for accessing services -from information to application, for both public officials and beneficiaries. It will expand on GSL by providing a single access portal for all services, not only those implemented at the municipal level, but for all institutional users of MDSF services. The single window will be the entry point to about one hundred services of the MDSF and its related agencies (social programs, monetary transfers and data to identify the social needs of the population), consolidating documentation requirements into fewer steps and simplified procedures. It will streamline the most frequently requested services and simplify the most problematic procedures (i.e. those with high rejection or most likely to be left incomplete in online applications) based on an assessment of efficiency and improving interoperability. As part of these efforts, new data, such as that collected for those impacted by emergencies or disasters (FIBE and FIBEH), will be flagged in the RSH and access to their FIBE/H information will be made available for the affected population to understand what benefits they can apply to and track their applications.

### C. Proposed Program Development Objective(s)

#### Program Development Objective(s)

To increase the inclusiveness, effectiveness, and efficiency of intersectoral social protection interventions.

PDO Indicators by Results Area

PDO Elements	PDO Indicators
RA1: Inclusiveness	RA1.1 Coverage of the system of allowances for children and adolescents in situations of socio-economic vulnerability (percentage; disaggregated by disability status of child)
RA2: Effectiveness	RA2.1 Households receiving intersectoral services related to income generation during their first year in the <i>Familias</i> Program (percentage; disaggregated by sex of beneficiary, sex of household head)
RA3: Efficiency	RA3.1 Reduction in transaction and time costs by users of the single window (public officials and citizens)

### D. Environmental and Social Effects

**10. According to information available at this stage, none of the activities in the proposed Program falls under PforR exclusion criteria as laid out in the Bank’s PforR Policy or standing guidance on Environmental and Social Systems Assessment (ESSA) for PforR.** The Program is not expected to result in adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or people. In fact, the Program will support activities implemented by the Government of Chile and its partners based on the provision of different forms of assistance and care to the population through several instruments in line with the country’s social protection laws. It will aim to support coordination among the relevant operational instruments and Government agencies and divisions currently involved in social protection to improve the response for the people who are entitled to this assistance. Although the main institutional actor is the Ministry of Social Development and Family, other national and subnational institutions play an important role in maintaining the system, such as municipalities and private providers. Good coordination among them will be fundamental for the success of the Program.



**11. The Program environmental risk rating is considered low.** The PforR operation is not expected to present environmental, health and safety risks or impacts, since the scope of the Program does not include the construction, rehabilitation, or retrofitting of infrastructure, or the replacement of equipment (electrical, mechanical, or others), and no downstream negative environmental effects are expected from the studies to be developed as part of the Program.

**12. The Program social risk rating is considered Moderate.** The nature of the social protection Program makes it likely it will have positive social impacts, considering that many of its interventions aim to reach the most vulnerable socioeconomic sectors. Considering this, the ESSA aimed to identify if there were vulnerable groups (e.g., women, persons with disabilities, migrants, LGBTIQ+ people and indigenous peoples, among others) that face barriers to accessing the benefits of the Program. The ESSA recommends the necessary actions to ensure that these groups are adequately included. Additionally, the Program will require a substantive amount of coordination among different institutional actors, which may pose some challenges, even though the GoC is committed to achieve a higher level of intersectionality as part of the way to improve the quality of the social protection system. Therefore, according to the information available at this stage, the social risk is rated Moderate.

**E. Financing**

**Program Financing (Template)**

Source	Amount (US\$, Millions)	% of Total
<b>Counterpart Funding</b>	<b>4,913.62</b>	<b>97.04%</b>
Borrower/Recipient	4,913.62	97.04%
<b>International Bank for Reconstruction and Development (IBRD)</b>	<b>150.00</b>	<b>2.96%</b>
<b>Total Program Financing</b>	<b>5,063.62</b>	

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