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Report No: PAD5236

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED LOAN

IN THE AMOUNT OF US\$100 MILLION

TO THE

DOMINICAN REPUBLIC

FOR AN

INTEGRATED SOCIAL PROTECTION INCLUSION AND RESILIENCE PROJECT (INSPIRE)

May 2, 2023

Social Protection & Jobs Global Practice  
Latin America And Caribbean Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective March 15, 2023)

Currency Unit = Dominican Peso (RD\$)

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US\$1 = RD\$55.7

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RD\$1 = US\$0.0176

FISCAL YEAR

January 1 - December 31

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ABBREVIATIONS AND ACRONYMS

ADESS	Social Subsidies Administrator ( <i>Administradora de Subsidios Sociales</i> )
AM	Accountability Mechanism
ASA	Advisory Services and Analytics
ASP	Adaptive Social Protection
BEEP	School Bonus Progress Through Study ( <i>Bono Estudiantil Estudiando Progreso</i> )
CCT	Conditional Cash Transfers
CEP	Eating is First Programme ( <i>Comer es Primero</i> )
CERC	Contingent Emergency Response Component
CGR	Comptroller General of the Republic ( <i>Contraloría General de la República</i> )
CPF	Country Partnership Framework
CT	Cash Transfers
COVID-19	Coronavirus Disease 2019
DR	Dominican Republic
EMV	Europay, MasterCard, and Visa
ENCFT	2017 National Labor Force Survey ( <i>Encuesta Nacional Continua de Fuerza de Trabajo</i> )
E&S	Environmental and Social
EMP	Environmental Management Plan
ESA	Environmental and Social Assessment
ESCP	Environmental and Social Commitment Plan
ESF	Environmental and Social Framework
ESMF	Environmental and Social Management Framework
ESRS	Environmental and Social Review Summary
ESS	Environmental and Social Standards
EWMP	E-Waste Management Plan
FIBE	Basic Emergency Instrument ( <i>Ficha Básica de Emergencia</i> )
FM	Financial Management
GBV	Gender Based Violence
GDP	Gross domestic product
GRID	Green, Resilient, and Inclusive Development
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
IAUs	The Internal Audit Units
ICV	Quality-of-Life Index ( <i>Índice de Calidad de Vida</i> )
IDB	Inter-American Development Bank
IFR	Interim Financial Reports
ILAE	School Attendance Incentive ( <i>Incentivo a la Asistencia Escolar</i> )
INFOTEP	National Institute for Professional Technical Training ( <i>Instituto Nacional de Formación Técnica Profesional</i> )
IT	Information Technology
LAC	Latin America and Caribbean
LGBTI	Lesbian, Gay, Bisexual, Transgender, and Intersex



LMP	Labor Management Procedures
MEPYD	Ministry of Economy, Planning and Development ( <i>Ministerio de Economía, Planificación y Desarrollo</i> )
MICM	Ministry of Industry, Commerce, and Small and Medium Enterprises ( <i>Ministerio de Industria, Comercio y Mipymes</i> )
MINERD	Ministry of Education ( <i>Ministerio de Educación</i> )
MoL	Ministry of Labor ( <i>Ministerio de Trabajo</i> )
NEET	Youth who are not engaged in education, employment, or training
NPV	Net Present Value
PIU	Project Implementation Unit
PDO	Project Development Objective
POM	Project Operational Manual
PPSD	Project Procurement Strategies for Development
PROSOLI	National Social Protection Programme Progressing with Solidarity ( <i>Progresando con Solidaridad</i> )
PV	Present Value
RAS	Social Supply Network ( <i>Red de Abastecimiento Social</i> )
RUB	Unique Registry of Beneficiaries ( <i>Registro Único de Beneficiarios</i> )
SC	Social Cabinet ( <i>Gabinete de Coordinación de Políticas Sociales</i> )
SEA	Sexual Exploitation and Abuse
SH	Sexual Harassment
SIRLA	Integrated System of Labor Contracts ( <i>Sistema Integrado de Registros Laborales</i> )
SIUBEN	The Single Beneficiary Selection System ( <i>Sistema Único de Beneficiarios</i> )
SIGEF	Financial Management System ( <i>Sistema de Información de la Gestión Financiera</i> )
SOE	Statement of Expenditures
SP	Social Protection
STEP	Systematic Tracking of Exchanges in Procurement
SUPERATE	Anti-poverty Strategy and Cash Transfer Program, Former PROSOLI Program
TA	Technical Assistance
TSA	Treasury Single Account ( <i>Cuenta Única del Tesoro</i> )
UCT	Unconditional Cash Transfer
UEPEX	Implementing Unit System for External Credits ( <i>Sistema de Unidades Ejecutoras de Préstamos Externos</i> )
UMC	Upper Middle-income Countries



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DATASHEET

**BASIC INFORMATION**

Country(ies)	Project Name	
Dominican Republic	Integrated Social Protection Inclusion and Resilience Project (INSPIRE)	
Project ID	Financing Instrument	Environmental and Social Risk Classification
P179440	Investment Project Financing	Moderate

**Financing & Implementation Modalities**

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input checked="" type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Enhanced Implementation Support (HEIS)

Expected Approval Date	Expected Closing Date
24-May-2023	27-Apr-2028

Bank/IFC Collaboration

No

**Proposed Development Objective(s)**

The Project development objectives (PDO) are to increase the efficiency of integrated social protection services and to promote economic inclusion and access to shock-responsive assistance, including climate shocks, for the poor and extreme poor, and in case of an Eligible Crisis or Emergency, respond promptly and effectively to it.



**Components**

Component Name	Cost (US\$, millions)
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Component 1: Promoting Human Capital and Increased Resilience Against Shocks, Including Climate Shocks, Through Cash Transfers	51.50
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Component 2. Promoting Economic Inclusion of Vulnerable Youth	27.93
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Component 3. Improving the Efficiency of the Delivery of Integrated Social Protection Services	16.00
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Component 4. Project Administration and Evaluation	4.57
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Component 5: Contingent Emergency Response Component	0.00
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**Organizations**

Borrower: Dominican Republic

Implementing Agency: SUPERATE

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

**SUMMARY**

<b>Total Project Cost</b>	100.00
<b>Total Financing</b>	100.00
<b>of which IBRD/IDA</b>	100.00
<b>Financing Gap</b>	0.00

**DETAILS**

**World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)	100.00
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**Expected Disbursements (in US\$, Millions)**

WB Fiscal Year	2023	2024	2025	2026	2027	2028
<b>Annual</b>	0.00	4.83	18.32	65.22	9.16	2.46



Cumulative	0.00	4.83	23.16	88.38	97.54	100.00
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**INSTITUTIONAL DATA**

**Practice Area (Lead)**

Social Protection & Jobs

**Contributing Practice Areas**

Poverty and Equity

**Climate Change and Disaster Screening**

This operation has been screened for short and long-term climate change and disaster risks

**SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)**

Risk Category	Rating
1. Political and Governance	● Moderate
2. Macroeconomic	● Moderate
3. Sector Strategies and Policies	● Moderate
4. Technical Design of Project or Program	● Moderate
5. Institutional Capacity for Implementation and Sustainability	● Moderate
6. Fiduciary	● Moderate
7. Environment and Social	● Moderate
8. Stakeholders	● Moderate
9. Other	● Moderate
10. Overall	● Moderate

**COMPLIANCE**

**Policy**

Does the project depart from the CPF in content or in other significant respects?

[ ] Yes [✓] No





Does the project require any waivers of Bank policies?

[ ] Yes [✓] No

**Environmental and Social Standards Relevance Given its Context at the Time of Appraisal**

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
Cultural Heritage	Not Currently Relevant
Financial Intermediaries	Not Currently Relevant

**NOTE:** For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

**Legal Covenants**

Sections and Description

Section I.A.1.(b) of Schedule 2 to the Loan Agreement. No later than four (4) months after the Effective Date, hire or appoint, as applicable, the following additional staff as part of the PIU: a Project Coordinator, a financial management specialist, a procurement specialist, and a social specialist, all with qualifications, experience, and terms of reference satisfactory to the Bank, as further set forth in the Operational Manual.

Sections and Description

Section I.A.1.(c) of Schedule 2 to the Loan Agreement. No later than six (6) months after the Effective Date, hire or



appoint, as applicable, the following additional staff as part of the PIU: a contract management specialist, a monitoring and evaluation specialist, a strategic planning specialist, and a social specialist with experience on environmental management, all with qualifications, experience, and terms of reference satisfactory to the Bank, as further set forth in the Operational Manual.

**Sections and Description**

Section I.A.1.(d) of Schedule 2 to the Loan Agreement. No later than three (3) months after the Effective Date: (a) create, and thereafter maintain throughout each calendar year of Project implementation, specific budget line entries in the national annual budget to keep track of the corresponding expenditures financed out of Loan proceeds incurred during Project implementation; and (b) establish, and thereafter maintain throughout the implementation of the Project, accounting, reporting, and internal control processes acceptable to the Bank, all in accordance with the criteria set forth in the Operational Manual.

**Sections and Description**

Section I.A.1.(e) of Schedule 2 to the Loan Agreement. No later than four (4) months after the Effective Date, hire and retain, throughout Project implementation, independent auditor(s) in number and with experience and qualifications acceptable to the Bank, for purposes of carrying out audits of the Project in accordance with terms of reference set forth in the Operational Manual, and consistently applied auditing standards, all acceptable to the Bank.

**Sections and Description**

Sections I.A.2 (a), (b.i), (b.iii), and (c) of Schedule 2 to the Loan Agreement. No later than two (2) months after the Effective Date, enter into an inter-institutional agreement with ADESS, INFOTEP, MoL, and SIUBEN under terms and conditions acceptable to the Bank.

**Conditions**

Type	Financing source	Description
Effectiveness	IBRD/IDA	Article 5.01 of the Loan Agreement. The Borrower, through SUPERATE, has developed and approved the Operational Manual set forth in Section I.B of Schedule 2 to this Agreement, in a manner and substance satisfactory to the Bank.
Disbursement	IBRD/IDA	<p>Section III. B.1.(b) of Schedule 2 to the Loan Agreement. For reimbursement of payments of Alimentate CCTs made under Category (1) unless and until all of the following conditions have been met:</p> <p>(i) the ADESS Inter-institutional Agreement has been signed and the Borrower has established the ACGs arrangements and ADESS has issued the ACG Notices to all Financial Institutions in a manner acceptable to the Bank, as provided under Section</p>



		<p>I.A.2.a.i.a of Schedule 2 to this Agreement;</p> <p>(ii) the Borrower, through SUPERATE, has hired an independent technical verification agent with experience and qualifications acceptable to the Bank, for purposes of verifying whether the payment of Alimentate CCTs to Eligible Households was carried out in accordance with terms of reference set forth in this Agreement and in the Operational Manual, and acceptable to the Bank;</p> <p>(iii) (A) the Borrower, through SUPERATE, has hired a legal firm, with experience and qualifications acceptable to the Bank, to carry out an assessment of the legal and regulatory framework governing ADESS’s mandate (including ADESS’s protocols) on data protection and cybersecurity to identify risks and provide recommendations to enable the implementation of the Alimentate CCT payment mechanism; and (B) said legal firm has produced and furnished the legal assessment, to the Bank’s satisfaction; and</p> <p>(iv) the independent technical verification agent has (A) verified that the payment of Alimentate CCTs to Eligible Households was carried out in accordance with terms of reference set forth in this Agreement and in the Operational Manual, and acceptable to the Bank; and, through SUPERATE, (B) furnished the verification report, to the Bank’s satisfaction.</p>
<p>Type Disbursement</p>	<p>Financing source IBRD/IDA</p>	<p>Description</p> <p>Section III. B.1.(c) of Schedule 2 to the Loan Agreement. For reimbursement of payments of Emergency CTs made under Category (2) unless and until all of the following conditions have been met:</p> <p>(i) the ADESS Inter-institutional Agreement has been signed and the Borrower has established the ACGs arrangements and ADESS has issued the ACG Notices to all Financial Institutions, in a manner acceptable to the Bank, as provided under Section I.A.2.a.i.C of Schedule 2 to this Agreement;</p> <p>(ii) the Borrower, through SUPERATE, has hired an independent technical verification agent with experience and qualifications acceptable to the Bank, for purposes of verifying whether the</p>



		<p>payment of the Emergency CTs to Eligible Households was carried out in accordance with terms of reference set forth in this Agreement and in the Operational Manual, and acceptable to the Bank;</p> <p>(iii) (A) the Borrower has hired a legal firm, with experience and qualifications acceptable to the Bank, to carry out an assessment of the legal and regulatory framework governing ADESS’s mandate (including ADESS’s protocols) on data protection and cybersecurity to identify risks and provide recommendations to enable the implementation of the Emergency CT payment mechanism; and (B) said legal firm has produced and furnished the legal assessment, to the Bank’s satisfaction; and</p> <p>(iv) the independent technical verification agent has (A) verified that the payment of Emergency CTs to Eligible Households was carried out in accordance with terms of reference set forth in this Agreement and in the Operational Manual, and acceptable to the Bank; and, through SUPERATE, (B) furnished the verification report, to the Bank’s satisfaction.</p>
<p>Type Disbursement</p>	<p>Financing source IBRD/IDA</p>	<p>Description</p> <p>Section III. B.1.(d) of Schedule 2 to the Loan Agreement. For Emergency Expenditures under Category (6), unless and until all of the following conditions have been met in respect of said expenditures:</p> <p>(i) (A) the Borrower has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Bank a request to withdraw Loan amounts under Category (6); and (B) the Bank has agreed with such determination, accepted said request and notified the Borrower thereof; and</p> <p>(ii) the Borrower has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Bank.</p>



## I. STRATEGIC CONTEXT

### A. Country Context

1. **The Dominican Republic (DR), an upper middle-income country, has been the second fastest growing economy in Latin America and the Caribbean (LAC) in the last decade.** However, the strong economic growth has not translated into a proportional reduction in poverty, particularly for women. These inequalities were exacerbated during the COVID-19 pandemic and due to the global uncertainties arising from Russia's Invasion in Ukraine. The DR grew at an annual average rate of 5.7 percent between 2004-2019, twice as fast as the average for LAC. During the same period, poverty (defined as living with less than US\$6.85 per day) dropped from 50 to 21 percent (similar to the LAC average), much slower than expected given its economic growth. Poverty rates have been consistently higher among women than men since 2005 with little progress in closing the gap. In 2019 the poverty rate for women was 22 percent (vs 19 percent for men). Across various household configurations (i.e., unipersonal, one adult with children, adult couple with children, other combinations of adults with/without children, etc.), women-headed households systematically report higher poverty rates. The crisis triggered by the COVID-19 pandemic contracted gross domestic product (GDP) per capita by 6.7 percent in 2020. Poverty increased to 23.4 percent and did not return to pre-pandemic levels in 2021. The Russia's invasion in Ukraine poses important immediate risks, primarily through higher prices of goods and services (the DR is a net importer of oil, natural gas, soybeans, sorghum, wheat, and corn) and a decrease in tourism revenues by about US\$34 million per month. Poverty is expected to remain above pre-pandemic levels in 2022 and will continue to have disproportionate negative impacts on women. Women comprise 42 percent of the labor force but accounted for 54 percent of those who stopped working or looking for a job in 2020. In 2020, for every 100 poor men there were 118 poor women compared to 116 in 2019.<sup>1</sup>

2. **Poor performance on poverty reduction and the imbalances in poverty between men and women, are partly rooted in three challenges.** One challenge is unequal human capital investments between the poor and the better off. For example, despite improvements in enrollment and high returns on education, one in two boys and one in three girls do not complete upper secondary school, especially among the poor. A second challenge is less labor market insertion for poor youth and women as 80 percent of those aged 25-54 and the poorest, those in ICV-1, as classified by the Quality-of-Life Index (*Indice de Calidad de Vida*, ICV)<sup>2</sup> are informally employed versus 34 percent for those in ICV-4. In the case of women, in 2021, around 23 percent were not engaged in education, employment, or training (NEETs) compared to 12 percent for men. A third challenge is the country's exposure to climatic shocks resulting in high human and economic losses, particularly among the poorest. According to the 2019 Global Climate Risk Index, the DR is ranked as the 12th most affected country in the world (1998- 2017).<sup>3</sup> The most frequent disasters are storms and floods that have a disproportionate impact on the poor.<sup>4</sup>

<sup>1</sup> World Bank DR Poverty Assessment 2023. The report is under preparation. P177382.

<sup>2</sup> The Single Beneficiary Selection System (*Sistema Único de Beneficiarios*, SIUBEN) classifies households according to the Quality-of-Life Index (ICV) measuring deprivations on basic services, housing materials, durable goods, and education, as well as overcrowding and the share of children under-five in the household. These variables are combined to produce a score that classifies households into four categories: extreme poor (ICV-1); poor (ICV-2); non-poor but vulnerable (ICV-3); and non-poor (ICV-4).

<sup>3</sup> According to EM-DAT (Emergency Events Database), The Dominican Republic has been the second most affected country in the Caribbean during the last two decades (with 54 recorded disasters) preceded only by its neighbor Haiti (83 recorded disasters).

<sup>4</sup> This stems from: (i) location factors as poor households typically get pushed to marginal hazard prone areas (i.e., steep land or squatter



## B. Sectoral and Institutional Context

3. **The DR has made progress in building a solid Social Protection (SP) System with cash transfer (CT) programs as the core intervention.** The conditional cash transfer (CCT) program called SOLIDARITY, was launched in 2004 and subsequently expanded. In 2012, the SOLIDARITY program gave way to a new anti-poverty strategy and cash transfer program called Progressing with Solidarity (*Progresando con Solidaridad*, PROSOLI) and interventions were expanded or newly created. Importantly, on June 2013, a new conditional cash transfer (CCT) was established targeting children in high school to encourage attendance -School Bonus Progress Through Study (*Bono Estudiantil Estudiando Progreso – BEEP*). Positive impacts include increased food security, higher school attendance, and more health visits for children.<sup>5</sup> In 2021, DR CCT programs entered a new stage with the launch of SUPERATE<sup>6</sup>, a comprehensive strategy to fight poverty, emphasizing building skills and abilities to improve incomes and employability. SUPERATE includes a set of CTs and other services: (i) traditional CCTs tied to compliance of co-responsibilities in food security, health and education (*Alimentate*, *Aprende*, and *Avanza*<sup>7</sup>) for consumption smoothing and to encourage the accumulation of human capital; (ii) newly created unconditional cash transfers (UCT) for emergency response, including to climate shocks; (iii) economic inclusion services; and (iv) accompanying measures (acquisition of identity cards, energy and fuel subsidies, and housing improvements).<sup>8</sup>

4. **SUPERATE uses geographical and household level targeting to reach the poor and women, and gender considerations are a key component of the program’s prioritization criteria.** The poorest areas of the country are first identified through poverty maps. The program targets the poorest households within those areas through a proxy means test, the results of which are summarized in the ICV. Eligible households are those classified as ICV-1 and ICV-2, with special consideration for families with persons with disabilities, pregnant women, and children 0-5 years old and school-aged. Recent World Bank studies<sup>9,10</sup> find that most direct transfers in the DR are pro-poor. Since 2021, 62 percent of SUPERATE beneficiaries are households headed by a woman. SUPERATE aims to maintain this share for the next five years. The program has gender-oriented general prioritization criteria: (i) exceptions to facilitate the entry of ICV-3 households that include persons with disabilities, are headed by women, are mono-parental led mostly by women, etc.; (ii) the level of household vulnerability to facilitate the entry of households headed by women, single parents with dependents, and households with a higher family burden or dependency ratio or in rural areas, among other conditions; and (iii) criteria for individuals (women, single mothers, mothers of infants, adolescent mothers and poor fathers, pregnant and postpartum women, women or children and adolescents victims of violence, etc.).

5. **CCTs in the DR still face challenges related to targeting, adequacy, coverage, graduation, and**

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settlements), where land ownership is easier and rents cheaper, but also more susceptible to get damaged by floods or landslides; and (ii) housing materials of poorer quality, infrastructure, and production activities which are typically unsafe or less resilient to hazard impacts.

<sup>5</sup> *Evaluación de Impacto al Programa Progresando con Solidaridad (PROSOLI): Evidencia para la Innovación en la Protección Social* (2019), Gertler, P. and Garz, S.

<sup>6</sup> SUPERATE is the Spanish name of the CCT program, formerly known as Progressing with Solidarity (*Programa Progresando con Solidaridad*, PROSOLI).

<sup>7</sup> *Alimentate* is the main food security CCT, it relates to the utilization of health services for young children and pregnant women, *Aprende* relates to the CCT to support primary education attendance, *Avanza* relates to the CCT to support secondary education attendance.

<sup>8</sup> Accompanying measures include all services provided by SUPERATE to the beneficiaries of cash transfers to link them to other public services including acquisition of identity cards, energy and fuel subsidies, income generation, housing improvements, gender-based prevention interventions, among others.

<sup>9</sup> “Dominican Republic Public Expenditure Review.” 2021a. World Bank, Washington, DC.

<sup>10</sup> “Poverty and Distributional Impacts of Fiscal Policy in Dominican Republic.” 2021b. World Bank, Washington, DC.



**compliance monitoring.** Despite relatively good coverage, the SP system in the DR lowers the poverty headcount by only 10 percent, compared to 24 percent on average in LAC countries and 35 percent for Upper Middle-Income countries (UMC). This is explained mostly by inefficiencies in targeting and low adequacy of benefits. PROSOLI SP programs benefit around twenty percent of the non-poor,<sup>11</sup> pointing to the need to strengthen targeting performance. In addition, the poverty map used for geographic targeting as well as the proxy means test need to be updated. Despite an increase in the transfer value in 2021, benefit levels still suffer from poor adequacy.<sup>12</sup> Coverage of the poor is generally good compared with regional peers (57 percent of the bottom 20 percent of the income distribution receive social assistance benefits),<sup>13</sup> and the share of beneficiary households is higher among female-headed households (62 percent) than among male-headed households (53 percent) reflecting the over-representation of women-headed households among the poor. However, 118,342 poor and extremely poor households are still in the process of being enrolled in SUPERATE although they have been registered in SIUBEN since 2018. In addition, there are 94,790 potentially eligible households who lack an identification document, an enrollment requirement. There has been no process to remove benefits from households that no longer qualify. More than a third of program households have benefitted from *Alimentate* and its previous incarnation (*Comer es Primero*) for ten or more years. Furthermore, SUPERATE needs to strengthen its economic inclusion component to provide a path to raising households' income, through active labor market policies or income generating activities. Finally, the verification of co-responsibilities was halted with the country lock down during the pandemic and reinstating them has been an operational challenge for this administration. The Ministry of Education (*Ministerio de Educación, MINERD*) does not have an automated-electronic system to record attendance and the Ministry of Health lacks an electronic record system of patient visits, making it difficult to monitor compliance with co-responsibilities and follow-up on non-compliance. Verification of co-responsibilities is a costly and complex process: field staff visit to households to collect information on compliance. Reinstating this process has been more costly as the program needs to re-train field staff, develop a technological platform to digitalize the registries, provide technological equipment, and carry-out data collection activities to reach pre-pandemic levels of verification.

**6. The DR's exposure to climate shocks poses an additional challenge particularly among the poorest.** Heavy rainfall and tropical storms have a disproportionate impact on the poor, who are more exposed, have fewer assets to protect or recover, and eventually cope inadequately with them.<sup>14</sup> One in four households among the poorest<sup>15</sup> are at high risk of flood compared to 13 percent among the wealthiest. These events will have diverse impacts on different aspects of food security, work, and employment, especially on the poor. The poor with nothing to fall back on during a climate shock are at the risk of resorting to harmful coping behaviors like eating less. A recent inspection of coping strategies in the DR between 2019 and 2021 in the wake of floods and tropical storms confirmed that poorer families indeed cut back on food, health, and education expenditures.<sup>16</sup> Populations such as persons with disabilities, women and youth, survivors of gender-based violence (GBV), and

<sup>11</sup> World Bank calculations, based on the 2019 National Continuous Labor Force Survey (Encuesta Nacional Continua de Fuerza de Trabajo, ENCFT).

<sup>12</sup> In May 2021, with the onset of the pandemic, the government increased the monthly transfer to RD\$1,771 (US\$32.2)/per student, but the ongoing price surge has already reduced its real value by 10 percent.

<sup>13</sup> 2021 ENCFT.

<sup>14</sup> This stems from: (i) location factors as poor households typically get pushed to marginal hazard prone areas (i.e., steep land or squatter settlements), where land ownership is easier and rents cheaper, but also more susceptible to get damaged by floods or landslides; and (ii) housing materials of poorer quality, infrastructure, and production activities which are typically unsafe or less resilient to hazard impacts.

<sup>15</sup> Status of poverty is defined as individuals that belong to the bottom 40 percent of the wealth distribution index.

<sup>16</sup> United Nations Population Fund (UNFPA). 2012. "Gender-Based Violence and Natural Disasters in Latin America and the Caribbean." UNFPA, New York. ECLAC. 2021. Social Panorama of Latin America 2020. Economic Commission for Latin America and the Caribbean (ECLAC), Santiago. World Bank. 2014. Turn Down the Heat: Confronting the New Climate Normal. Washington, D.C.: World Bank.



Lesbian, Gay, Bisexual, Transgender, and Intersex (LGBTI), many of whom are vulnerable, will disproportionately suffer the economic consequences, considering that these groups have limited participation in decision-making and are overrepresented in the informal economy and unemployment. Climatic shocks also affect women differently than men, due to higher economic stress, the burden of caregiving, disruption of family ties, increased domestic violence and migration, limited access to and control over resources (property rights, land, financial resources), and limited access to services due to post-disaster disruptions (e.g., basic health, GBV response, child care services).<sup>17</sup> Furthermore, ensuring a smooth transition to a low-carbon and climate-resilient economy, will demand changes in skills sets. Guaranteeing these groups access to training and reskilling will allow them access to better employment options and sustain them during the transition to more sustainable production methods, thus, improving their climate resilience and livelihoods.<sup>18</sup>

7. **The current administration has a three-pronged approach to move towards a more adaptive social protection (ASP) system.** The approach includes, first, the conversion of SUPERATE into the main program to respond to climate-related shocks. SUPERATE works as a fast-acting shock response mechanism by delivering emergency UCTs (the *Bono de Emergencia*) to provide economic support to the poor and vulnerable in the wake of climate change-related shocks, thereby reducing their vulnerabilities and avoiding negative coping strategies to ensure food security particularly for female-headed households. The emergency UCT is activated when a natural adverse event occurs, allowing the program to expand horizontally (to include new households) and/or vertically (to adjust the value of the transfer provided to current beneficiaries) to attend to the affected population. *Alimentate* also addresses climate vulnerabilities of the poor given the large share of poverty driven by slow-onset climate change and climate shocks in the country. The second prong is to at least maintain the coverage and benefits of the CTs to increase the climate resilience of the poor. The third prong is to ensure that the SUPERATE delivery system, from identification to payment and referrals, is strengthened and adapted to deliver benefits to the population affected by climate-related shocks and longer-term impacts. An effective ASP system also requires regulations and tools to identify potential beneficiaries, expand social benefits, and extend delivery system capacity to respond to disasters and connect beneficiaries to economic inclusion opportunities to be better prepared to face shocks.

8. **The DR is improving the management of its social registry with an ‘Integrated Social Protection Information System’ (SIUBEN+).** SIUBEN is the institution responsible for identifying, registering, and classifying families according to their ICV and is the entry point for enrollment in social programs. SIUBEN+ has among its objectives to improve the coordination across SP programs and to increase the SP system’s ability to address gender differences in the experience of poverty.<sup>19</sup> SIUBEN reform includes<sup>20</sup>: (i) a significant expansion of its coverage, targeting unregistered female-headed households, in particular those who would fall into the ICV-1 and ICV-2 groups and migrants with legal migratory status; (ii) a revision of its economic and climate change

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<sup>17</sup> United Nations Population Fund (UNFPA). 2012. “Gender-Based Violence and Natural Disasters in Latin America and the Caribbean.” UNFPA, New York. Economic Commission for Latin America and the Caribbean (ECLAC). 2021. Social Panorama of Latin America 2020. ECLAC, Santiago. World Bank. 2014. Turn Down the Heat: Confronting the New Climate Normal. Washington, D.C.: World Bank.

<sup>18</sup> ILO (International Labour Organization). 2015. *Guidelines for a Just Transition towards Environmentally Sustainable Economies and Societies for All*.

<sup>19</sup> The SIUBEN has georeferenced data of DR households in addition to information regarding their socio-economic conditions and vulnerability to climate change. SIUBEN database covers 60.5 percent of the total country’s population out of which 50.5 percent are women.

<sup>20</sup> SIUBEN was created by Decree No. 1073, dated August 31, 2004, and published in the Official Gazette on September 2, 2004, and published in the Official Gazette on September 2, 2004, and modified by Decree No. 426-07, published in the Official Gazette No. 10435 on August 18, 2007, and Decree No. 396-22, published in the Official Gazette No.11077 on July 20, 2022.





indexes to measure temporary poverty and improve its vulnerability model; (iii) interoperability with data in public and private institutions to identify and locate people affected by natural hazards and climate-related events; and (iv) creation of a registry of beneficiaries of all SP programs. SIUBEN's reform supports timely, effective delivery of emergency CTs as it will allow for swift identification of the population affected by an adverse event, avoiding exclusion errors and protecting the poor and vulnerable, particularly women.

9. **Improving payments for the main CTs provided by SUPERATE requires that the Social Subsidies Administrator (*Administradora de Subsidios Sociales, ADESS*) uses efficient payments modalities promoting financial inclusion.** ADESS pays beneficiaries of SUPERATE and other social programs and subsidies using a retail grocery store network and limited purpose cash cards. CTs in the DR are traditionally quasi-monetary transfers: cash cards can be used in a network of retail grocery stores (*colmados*), to buy food and basic household goods. The UCT for emergencies, delivered through electronic payments or cash cards, can be used freely to purchase, in addition to food and medicines, household goods and services, construction materials, etc. With the rapid expansion of CT programs during the COVID-19 pandemic, the government expanded the payment system and introduced new payment modalities. As a result, ADESS is reforming the payment system by: (i) replacing 1.6 million SUPERATE cash cards with smart chip cards, a more secure technology; (ii) increasing the number of *colmados*; (iii) promoting the inclusion of financial institutions with additional payment channels, in a first stage for the two CTs that are not tied to a list of goods, *Bono Emergencia* and *Bono Mujer*;<sup>21</sup> and (iv) promoting digital payments. In addition, SUPERATE, in coordination with ADESS, is promoting the financial inclusion and literacy of the poor and vulnerable population. ADESS reforms would support the timely and effective delivery of the emergency CT by allowing for swift payment of the affected population after a climate-related disaster.

10. **In sum, reforms are needed to move SUPERATE towards a new generation of SP programs that provide integrated and ASP services in anticipation of or in the wake of climate shocks and slow-onset climate impacts.** SUPERATE needs to increase coverage of its main food security CCT and of the education CCTs for the poorest. In addition, targeting and verification of compliance with co-responsibilities have room for improvements. Currently these challenges limit the capacity of CTs to reduce poverty in the DR relative to regional standards. Likewise, it needs to improve access and flexibility for households to take-up safety net programs after being affected by climate shocks and to strengthen its additional components, especially economic inclusion, to provide a path to increasing households' income, through active labor market and economic inclusion policies. Finally, delivery systems through SIUBEN and ADESS need to be strengthened to improve the efficiency and responsiveness of SUPERATE.

### C. Relevance to Higher Level Objectives

11. **The Project<sup>22</sup> supports the DR's Country Partnership Framework (CPF) for FY22-26, discussed by the World Bank's Board of Executive Directors on March 29, 2022 (Report No. 167896-DO).** The Project contributes to Higher-level Outcome 1 of the CPF on "access to quality public service delivery," which aims to improve the poverty and equity impact of fiscal policy and the efficiency of public spending with emphasis on the poorest 40 percent of households. Specifically, the Project is aligned with Objective 1.3 on "enhanced coverage and quality of health and safety nets." The Project is also aligned with the World Bank's twin goals of eliminating extreme

<sup>21</sup> *Bono Mujer* relates to the CT to support gender-violence victims and families.

<sup>22</sup> In the General Budget the Project is named "Proyecto de apoyo a la Implementación de las Estrategias del Programa Supérate y el Fortalecimiento del Sistema de Protección Social". In World Bank documents it is referred as "Integrated Social Protection Inclusion and Resilience Project, INSPIRE". They are both the same project.



poverty and boosting shared prosperity by 2030 and with the following thematic areas of the Global Crisis Response Framework (GCRF) under: (i) Pillar 1 Responding to Food Security: scale up social protection to support the vulnerable (Component 1), (ii) Pillar 2 Protecting People and Preserving Jobs: increase coverage of active labor market programs to help mitigate the medium- to long-term impact of crises (Component 2), (iii) Pillar 3 Strengthening Resilience: develop ASP systems (Component 1 and 3), and (iv) Pillar 4 Strengthening Policies, Institutions, and Investments for Rebuilding Better: increase access to labor intermediation and productive inclusion programs to stimulate employment and raise incomes for the poor in post-COVID-19 contexts (Component 2). In terms of supporting the country to improve the resilience of the poorest against shocks, the Project is also underpinned by the Green, Resilient, and Inclusive Development (GRID) agenda and aligned with the World Bank Group Climate Change Action Plan 2021-2025 to support a green, inclusive, and resilient future so that recovery leaves nobody behind by paying particular attention to supporting productive livelihoods for traditionally excluded groups. Finally, the Project is aligned with the three strategic objectives of the World Bank Gender Strategy 2016-2023 through: (i) Objective 1 Improving Human Endowments: expanding social safety nets fostering best-fit transformative linkages between core programs and broader economic opportunities for women, (ii) Objective 2 Economic Opportunities: removing constraints to increase women’s participation in the labor force, boost their access to higher quality jobs, and help increase their earnings, and (iii) Objective 3 Enhancing Women’s Voice and Agency and Engaging Men and Boys: changing the norms and expectation about female and male roles and power relationships to ultimately reduce gender based violence.

## II. PROJECT DESCRIPTION

### A. Project Development Objective

#### PDO Statement

12. **The objectives of the Project are to** increase the efficiency of integrated social protection services and to promote economic inclusion and access to shock-responsive assistance, including climate shocks, for the poor and extreme poor, and in case of an Eligible Crisis or Emergency, respond promptly and effectively to it.

13. **Efficiency of integrated social protection services refers to the improvements in SUPERATE’s, ADESS’ and SIUBEN’s delivery mechanisms, including adaptive capacity to respond to climate shocks.** Economic inclusion is defined as wage employment and entrepreneurship opportunities. Shock-responsive assistance refers to CT provided under the SUPERATE components for food security) and for climate emergency response. Poor and extreme poor households are defined according to the SIUBEN methodology using the ICV.

#### PDO Level Indicators

14. **The following indicators are proposed**

*Increase the efficiency of integrated social protection services<sup>23</sup>*

- New households classified as poor and extreme poor added to SIUBEN Social Registry (Number)
- New households classified as poor and extreme poor added to SIUBEN Social Registry headed by females (Percentage)

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<sup>23</sup> Efficiency will be improved as new poor and extreme poor households are included in SIUBEN, the entry point of the SP system.



*Promote the economic inclusion of the poor and extreme poor*

- Increase in the percentage of SUPERATE youth beneficiaries who are in wage employment within six months of program completion (percentage)

*Promote access to shock-responsive assistance including climate shocks to the poor and extreme poor*<sup>24</sup>

- Poor and extreme poor households receiving cash transfers under the *Alimentate* component of SUPERATE (Percentage)
- Households receiving the *Bono de Emergencia* (access to shock-responsive assistance including climate shocks) (number)

## B. Project Components

15. **The Project comprises five components:** (1) Promoting Human Capital and Increased Resilience against Shocks, including Climate Shocks, through Cash Transfers; (2) Promoting Economic Inclusion of Vulnerable Youth; (3) Improving the Efficiency of the Delivery of Integrated Social Protection Services; (4) Project Administration and Evaluation; and (5) Contingent Emergency Response Component (CERC). A short description of each component and subcomponent is presented below and a detailed description will be provided in the Project Operational Manual (POM).

**Component 1. Promoting Human Capital and Increased Resilience against Shocks, including Climate Shocks, through Cash Transfers (US\$51.50 million).** This component will finance the delivery of cash transfers supporting the implementation of the World Bank’s GCRF Pillar 1 “Responding to Food Security” and Pillar 3 “Strengthening Resilience”.

### **Sub-Component 1.1. Supporting SUPERATE Cash Transfers (US\$50.00 million)**

16. **This component will support CCT payments related to food security and nutrition (*Alimentate*).** The *Alimentate* CTs will be financed for one year with loan resources covering 10 percent of total costs and the remainder will be financed with national resources<sup>25</sup> and subject to an external verification confirming that beneficiaries meet program rules. Currently, there are around 1.4 million households enrolled in SUPERATE. Although for the implementation period of this Project the government aims to maintain this number of households in *Alimentate*, coverage accuracy will be improved as exit strategies are implemented and new poor and extreme poor households are enrolled in the program.<sup>26</sup> Beneficiary households will receive about US\$387 over 12 months comprised of monthly payments of US\$32.2. Beneficiary households receive information about SUPERATE’s objectives and activities at the time of registration and are referred to the various services and interventions within SUPERATE. This Sub-component will support cash transfer payments excluding the administrative fees to deliver them.

17. **One of SUPERATE’s primary objectives is to reduce climate vulnerability.** SUPERATE is intended to be the country’s main instrument of providing adaptive support to the poor and vulnerable in the wake of climate shocks or in anticipation of slow-onset impacts. The continued rollout of regular cash transfers to households

<sup>24</sup> Access to shock-responsive assistance is defined as receiving cash transfers under the *Alimentate* component of SUPERATE.

<sup>25</sup> The Government is committed to re-absorb the 10 percent of the *Alimentate* CT temporarily financed by the Project in subsequent years.

<sup>26</sup> New households would be able to enter as households that are no longer eligible exit the program or are referred to other SUPERATE Components such as the economic inclusion interventions. This will in turn increase the efficiency of the program.



during shocks contributes to their food security and reduces poverty. Thus, this sub-component will increase the climate resilience of the poor by financing the *Alimentate* CTs to improve food security and nutrition, which are affected by increasing climate variability and extremes linked to climate change. Food insecurity is significantly worse in countries with agri-food systems that are highly sensitive to rainfall and temperature variability and extremes and where a high percentage of the population depends on agriculture for livelihoods. Undernutrition is the largest health impact of climate change in the 21st century. In DR's case, climate shocks are a primary driver of food insecurity, and have especially had negative effects on poor households, particularly female-headed households. According to the 2023 Poverty Assessment for the DR under preparation (P177382), over a third of the households linked to agricultural or livestock activities were affected by floods between 2019 and 2021. Importantly, the vast majority (91 percent) of poor affected households reported losses of more than half of their crop production, compared to 33 percent in the wealthier households. This difference could imply long-term obstacles to the prosperity and wellbeing of poorer households: without access to insurance or credit, repeated production losses due to flooding could trap them in poverty. In response, providing the *Alimentate* CTs is expected to increase the absorptive capacity and adaptive capacity of its poor beneficiaries affected by climate change.

### **Sub-Component 1.2. Supporting SUPERATE Emergency Transfers (US\$1.50 million)**

18. **The Project will support the UCT (*Bono de Emergencia*) if triggered by a climate-related shock.** This sub-component will finance the expenses incurred by the Borrower in providing emergency CTs to eligible households affected by future climate shocks, thus allowing them to boost their short and medium-term climate resilience to enhance their absorptive and adaptive capacities. Flood and tropical storms are the primary types of shocks faced by the DR due to its geographical location. Climate change has already been and will continue to be the primary driver of these shocks, which as noted before increase poverty and poverty gaps, lower incomes, increase food insecurity, and decrease hours of work, among other outcomes. Climate-related shocks are consequently the main drivers of more people falling into or staying in poverty historically. The *Bono de Emergencia* is an unconditional free-use and temporary CT to alleviate the impact of shocks. To be eligible, households need to be headed by an individual residing in the country and with a valid government-issued identification document and be directly affected by a shock. SIUBEN identifies the degree of household loss through the Basic Emergency Instrument (FIBE data collection instrument) that categorizes households according to the level of loss and provides the list of eligible beneficiaries to SUPERATE once a shock is declared. This sub-component will support the emergency cash transfer payments excluding administrative fees to deliver them.

### **Component 2. Promoting Economic Inclusion of Vulnerable Youth. (US\$27.93 million)**

19. **The Project will support an economic inclusion program for youth from extremely poor and poor SUPERATE households in urban areas.** Beneficiaries will be Eligible Youth which include individuals between 18-35 years old who are unemployed or working in informal employment, from extremely poor and poor households in urban areas from fourteen provinces with the highest density of extreme and poor households<sup>27</sup> to be selected in accordance with the provisions of the POM. The focus on urban areas for this component is due to: (i) the large concentration of at-risk youth (over 80 percent of the NEET population and 83 percent of the poor youth population are in urban areas); and (ii) the reality that the Project can only assist a limited number of youths. To reduce excess demand, priority will be given to youth living in households that have received regular CTs for

<sup>27</sup> These fourteen provinces are the Distrito Nacional, Duarte, Espaillat, La Altagracia, La Romana, La Vega, Monseñor Nouel, Puerto Plata, San Cristóbal, San Pedro de Macorís, Santiago, Santo Domingo, Barahona, and San Juan.



more than ten years and, if necessary, SUPERATE will determine whether to select beneficiaries, amongst Eligible Youth, via lottery. An estimated 35,000 beneficiaries will be eligible to participate in the program. To increase sustainability, the program promotes coordination with institutions with a mandate to deliver the proposed interventions, including the Ministry of Labor (MoL), the National Institute for Professional Technical Training (*Instituto Nacional de Formación Técnica Profesional, INFOTEP*), the Ministry of Industry, Commerce, and Small and Medium Enterprises (*Ministerio de Industria, Comercio y Mipymes, MICM*), and the private sector.

20. **The Project will offer participating youth an integrated package of services, tailored to their job readiness, risk profile, and vocational aspirations.** Based on lessons learned from similar programs implemented in the country like *Juventud y Empleo* (financed under the Youth Development Project, P096605) and *Progresando Unidos* (financed under the Integrated Social Protection and Promotion Project, P147213) and other economic inclusion and integrated youth employment programs,<sup>28</sup> the package will include a mix of services depending on youths' profile and the local economy. The youth will be oriented towards one of two pathways: (i) wage employment in the formal or informal sector; and (ii) self-employment or micro-entrepreneurship. Throughout the program cycle, youth who are job-ready will be assisted to apply for existing job vacancies. The Project will enroll youth in a pathway after they participate in a common set of activities to inform them about the program's rules and actors and ensure their readiness to participate (Sub-Component 2.1). Following this initial phase, SUPERATE mentors will assign some youth in enrolling in short-term technical skills training and/or paid apprenticeships leading to wage employment (Sub-Component 2.2), while others will be enrolled in the micro-entrepreneurial track (Sub-Component 2.3). Recognizing the specific constraints that women face in accessing employment, the Project includes interventions to help overcome these barriers and will measure the reduction in the employment gap between male and female participants. The economic inclusion program will aim to narrow existing gender gaps in youth access to economic opportunities by promoting the participation of female youth (target of at least 50 percent women among youth benefiting from the main interventions). Measures to encourage their participation may include facilitating their access to *Communities of Care*, a pilot government program under SUPERATE offering childcare services. In addition, the life skills, financial literacy training, and labor market orientation materials will be gender sensitive and a large share of facilitators and mentors will be female. Finally, the technical skills trainings will be tailored to facilitate the transition to low-carbon and greener jobs while the labor market orientation will cover changes in the world of work relating to environmental and climate-smart practices. Activities are divided into three subcomponents, all of which support the implementation of the World Bank's GCRF, Pillar 2 "Protecting People and Preserving Jobs" and Pillar 4 "Strengthening Policies, Institutions, and Investments for Rebuilding Better".

#### **Sub-Component 2.1. Life Skills and Financial Literacy Training, Labor Market Orientation, and Mentoring (US\$7.44 million)**

21. **The Project will support a set of core activities for all Eligible Youth to ensure their readiness to participate in the program and to determine the most appropriate intervention.** This subcomponent will finance activities including: (i) outreach, screening, sensitization, and selection of eligible youth necessary to plan, coordinate, and monitor the economic inclusion program, including development of individual action plans, provision of training on social emotional skills and digital financial literacy, and the financing of stipends; (ii) provision of technical assistance and equipment to strengthen SUPERATE to coordinate the overall program and

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<sup>28</sup> Main lessons are derived from study cases in The State of Economic Inclusion Report 2021 (World Bank Group 2021) and in Integrated Youth Employment Programs, A Stock Taking of Evidence on What Works in Youth Employment Programs (Jobs Working Paper Issue No. 24, World Bank, 2018).



to provide orientation and mentoring; (iii) development of labor market diagnostics and outlooks; (iv) operating costs for SUPERATE to carry out and monitor the trainings; and (v) hiring of technical and administrative staff to support implementation.

**22. SUPERATE social workers will carry out outreach and sensitization of SUPERATE families and select eligible youth to participate in the program.** Specialized SUPERATE mentors will help youth find their vocational and occupational aspirations and develop an individual action plan outlining the steps towards gainful employment and motivate them to join a “learning” community with peers sharing the same pathway. Beneficiaries will also receive training to improve their social emotional skills and digital financial literacy. The objective of this training is to help vulnerable youth develop critical life skills while strengthening their connections with other youth in the community. The training will be delivered by specialized providers following a common training content developed by the Project. The youth will receive stipends as applicable to each training package. At the end of this phase, SUPERATE mentors will screen participants to determine their motivation and readiness to secure employment. Youth who are ready to take up employment will be assisted to identify and apply for available vacancies. Others may need further support to overcome barriers to secure employment. Depending on the available jobs as revealed through employment outlooks and job diagnostics and the youth’s aspirations, the mentor will assign the participant to one of the two pathways, employability or entrepreneurship (details will be included in the POM).

#### **Sub-Component 2.2. Learning Courses and Apprenticeship for Wage Employment (US\$15.39 million)**

**23. The Project will strengthen the employability of Eligible Youth through demand-driven, short-term technical skills training through Learning Courses<sup>29</sup> and apprenticeships to prepare them for wage employment, including the financing of stipends and insurance services for Eligible Youth that participate in apprenticeships.** This track will train 25,000 young people to work in the dynamic sectors of their home regions, identified through prospective employment outlook studies and territorial diagnostics on employment demand. The Project will also finance communication and orientation to encourage employers to signal their demand for skills and labor and partner with training centers to formulate training proposals responding to their skills needs. Technical skills training will consist of job specific training of about three months supplemented by an apprenticeship of two months in private firms, sufficient to meet the requirements for obtaining a nationally recognized certificate of competence. At an operational level, periodic calls for proposals for training and internship will require that employers enter in a partnership with training providers to offer competence-based training program accompanied by internships in private firms (formal or informal). INFOTEP will be responsible for defining the requirements for technical training, selecting training centers, and quality assurance in the selection and training processes.

**24. The Sub-Component will also finance provision of technical assistance and equipment to strengthen and expand MoL’s capacity to provide labor intermediation services.** The Project will be designed to support labor reallocations to less carbon-intensive sectors and occupations, allocate resources to the identification and anticipation of evolving skills needs, and align occupational skills profiles and training programs. For example, the Project will prioritize new competency-based training in emerging areas related to the green economy (renewable energy and low-carbon industries and services) as well as adaptation of training for existing occupations in certain key sectors (environmental and climate-smart goods and services and construction). Youth

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<sup>29</sup> As defined in the Loan Agreement as the training courses under Component 2.2 of the Project, contracted by the Borrower, through SUPERATE, as set forth in the Operational Manual.



who are assessed at the end of the orientation phase under Sub-Component 2.1 as already having technical skills will be placed directly in an apprenticeship in a private firm so they can acquire their first work experience, without the need to go first through theoretical training.

25. **At the end of training and apprenticeship some youth will be employed while others may still need to search for available job vacancies.** Those in search of employment will be referred to the *National Employment Service* in the MoL for labor intermediation services. Labor intermediation services currently offered by MoL through its Territorial Employment Offices are limited and not entirely adequate for youth having difficulty to enter the labor market. The Project will support quality improvement, broadening of scope, and expansion of improved MoL labor intermediation services to a larger number of youths from SUPERATE families by financing technical assistance and equipment.

26. **Finally, the Project will finance operating costs for INFOTEP to ensure quality assurance for skills training.** These operating costs will cover related expenses for the evaluation of the proposals, supervision of the training activities, and award of certificates to participants based on a unit cost established in the POM and reflected in an Inter-institutional Agreement to be signed by SUPERATE and INFOTEP. To encourage attendance and protect youth in case of work accidents, beneficiaries will receive a stipend and insurance services, the former differentiated for females with children to support them to afford child-care services.

### **Sub-Component 2.3. Self-employment and micro-entrepreneurship for income-generating activities (US\$5.10 million)**

27. **The Project will address key constraints and market failures that prevent self-employment for vulnerable youth as evidenced in previous interventions.** These constraints include: (i) lack of funding to formalize their business and the network to connect with financial institutions that provide credit; (ii) lack of basic business skills; (iii) lack of exposure and relevant networks to start and grow a business; and (iv) limited information and capacity to take advantage of existing programs. The sub-component will support youth who have been evaluated at the end of sub-component 2.1 activities as having a vocation for micro-entrepreneurship. It is estimated that about 25 percent of participating youth may be eligible for this track particularly in areas without many opportunities for wage employment.

28. **Participant youth will benefit from micro-entrepreneurial training, business coaching services, and financing to develop their income-generating activities.** SUPERATE will be in charge of contracting training institutions to deliver the trainings. The training will be carried out over an average of two months and at the end of it the participating youth are expected to have developed a business plan to create or to grow their business. The youth will receive stipends while in training to finance their daily expenses (including transportation, when applicable) in connection with his/her participation in the entrepreneurship training activities. Youth will be accompanied by business coaches/mentors to implement their business plan, meet business registration and licensing requirements, and connect with markets. In addition, beneficiaries will receive up to an amount of US\$500 to finance the expenses incurred to prepare a business plan. As part of the training participants will be encouraged to opt for businesses and self-employment activities that don't have a detrimental impact on the environment. Stipends will be delivered to the youth through digital payments.

### **Component 3. Improving the Efficiency of the Delivery of Integrated Social Protection Services. (US\$16.00 million)**



29. **This component will support modernization efforts and capacity building to improve the delivery of social services and benefits and increase the adaptive capacity of the SP System to climate shocks.** The main activities are: (i) transformation of the SIUBEN into an ‘Integrated Social Protection Information System’; (ii) modernization of the payment system administered by ADESS; and (iii) strengthening of SUPERATE’s capacity to improve service delivery. By improving the delivery of integrated SP systems, these systems will be better equipped to respond to climate shocks, among other things, as highlighted earlier. These activities support the implementation of the World Bank’s GCRF, Pillar 3 “Strengthening Resilience”.

### **Sub-Component 3.1. Transformation of SIUBEN (US\$5.55 million)**

30. **This sub-component will contribute to the consolidation of SIUBEN<sup>30</sup> as an accurate and adequate instrument to support the processes of identification and assessment of needs and conditions of the poor and vulnerable population and its transformation into SIUBEN+.** SIUBEN+ is the strategy to transform the current registry into an ‘Integrated Social Protection Information System’ extending its coverage from 62 percent of households in the DR to 85 percent. This strategy also involves the creation of a Unique Registry of Beneficiaries (*Registro Unico de Beneficiarios*, RUB). Among others, the Project will support: (i) the development and implementation of a data updating strategy for SIUBEN+, including open registration protocols and SIUBEN database’s systematic updates; (ii) a census of new households (households outside the current SIUBEN database or those households unable to use digital or automated methods to update their certification due to vulnerability constraints) to evaluate their socioeconomic conditions; (iii) the acquisition of information technology, communication, and transport equipment for data collection activities; (iv) provision of technical assistance for strengthening the information management systems of SIUBEN and of other agencies with large administrative databases that interoperate with SIUBEN+ and training; (v) the design and implementation of a communication campaign for SIUBEN+; (vi) the conceptual design and development of the Unique Registry of Beneficiaries of social programs; and (vii) the strengthening of the SIUBEN+ as an information provider for social policy decision making. The latter includes the revision of SIUBEN+’s indices to measure household poverty and vulnerability to climate shocks, and collaboration with the Ministry of Economy, Planning and Development (*Ministerio de Economía, Planificación y Desarrollo*, MEPYD) to review poverty measurements and instruments to design and evaluate social programs. The expectation is that transforming SIUBEN into an integrated SP information system will help SUPERATE address the coverage and targeting challenges mentioned earlier, particularly on climate change.

### **Sub-Component 3.2. Modernization of Payment System (US\$1.80 million)**

31. **Technical assistance and technological infrastructure development would be supported by the Project to strengthen the ADESS payment system.** Building on ADESS’ experience of delivering emergency CTs digitally during the COVID-19 crisis, this sub-component will support the transformation of the payment system including: (i) the use of digital payments and beneficiary’s choice on the use of transfers, (ii) better integration with information systems of other institutions to manage digital payments, and rationalize customer service processes and protocols, and (iii) an increase of its user friendliness and accessibility of information. The transformation of

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<sup>30</sup> SIUBEN was created through Presidential Decree 426-07, dated August 18, 2007, and modified through Presidential Decree 396-22, dated July 20, 2022, and has the purpose to identify, characterize, register, and prioritize families in poverty, who live in geographical areas identified in the Poverty Map and in areas outside it, which are of interest for the purposes of public policies.





the payment system includes the replacement of<sup>31</sup>magnetic stripe cards with chip cards or Europay, Mastercard, and Visa (EMV) issued by a commercial bank for around 1.6 million households. Additionally, they include the creation of e-wallets and bank accounts for beneficiaries with cards, and the inclusion of new cash-out channels (including, among others, commercial bank agents, supermarkets, pharmacies, and hardware stores), in addition to the current *colmados*. The Project will finance a new digital payment method for those SUPERATE components that will deliver transfers for the first time (new benefit *Bono Discapacidad*<sup>32</sup> and *Bono de Emergencia*) and for about 10 percent of *Alimentate* beneficiaries that comply with the characteristics of digital payments (such as: has a registered cellphone, has an active status of his/her SUPERATE card, complies with the program's co-responsibilities). A pilot of about 100,000 households of the *Alimentate* program to cash out money and acquire goods and necessities from a nation-wide network of agents, retail stores and *colmados* will be tested and evaluated *vis a vis* the acquisition of goods through the actual system. This innovation has the potential to empower consumers by increasing their flexibility to choose and increase their purchasing power through the lower prices that increased competition may bring. Based on the evaluation of the pilot and the lessons learned, SUPERATE will scale up its transformation from a quasi-cash to a cash transfer program, including the use of digital payments. The revamping of the payment system will also seek to introduce concepts and tools to develop a more integrated information system to manage digital payments, rationalize customer service processes and protocols between institutions (SUPERATE, ADESS, SIUBEN, and other social programs), and increase user friendliness and accessibility of information.

32. **This sub-component will finance:** (i) the distribution of EMV cards and the operating costs for delivering the cards to beneficiaries and supporting them on the opening of bank accounts; (ii) acquisition and development of information technology equipment to revamp the payment system, including the automatization of its customer service platform; (iii) provision of technical assistance to improve the operational process associated with incorporation and monitoring and evaluation of the *Colmados*; (iv) assessments of the legal and regulatory framework governing ADESS's mandate (including ADESS's protocols) on data protection and a cybersecurity roadmap for preparedness pertaining to the delivery of the *Alimentate* CCTs and Emergency CT payment mechanisms, with the emphasis on human capacity and cybersecurity resilience, including compliance with domestic and international norms and standards; (v) a communication and information campaign on the use of EMV cards and electronic payments to enable beneficiaries to utilize the services; (vi) capacity building for ADESS staff at the central and local level to conduct this transformation and to strengthen ADESS analytical capacity to monitor and report results; and (vii) a pilot to test a new digital payment system.

### **Sub-Component 3.3. Strengthening of SUPERATE's Capacity to Improve Service Delivery (US\$8.65 million)**

33. **The sub-component will improve CT coverage and efficiency.** the Project will support first-time-enrollment of all ICV-1 and ICV-2 households who are registered in SIUBEN and do not have access to CTs, as well as those registered for the first time in SIUBEN. The Project will also support implementation of exit strategies for households who are no longer eligible and their referral to other SUPERATE components, such as economic inclusion (Component 2). To improve the effectiveness of the CTs, the Project will seek to promote a better alignment between CTs and desired behavior changes particularly relating to the educational attainment of at-risk youth. The Project will support with technical assistance to assess the viability of a parametric reform of the *Aprinde and Avanza* CCTs to provide incentives for boys and girls to complete secondary education and for girls to delay early pregnancies. The overall adequacy of benefits and incentives also will be reviewed, including

<sup>31</sup> Around forty percent of the replacement cost will be financed by the project and the rest by the government.

<sup>32</sup> *Bono Discapacidad* is a SUPERATE program among persons with disabilities.



differentiating the transfer amounts according to school levels and by gender. The sub-component will also finance expenditures associated with delivering *Alimentate*, education, and emergency transfers.

34. **This sub-component will also strengthen SUPERATE's operational capacity.** The Project will finance technical assistance and capacity-building activities to strengthen SUPERATE's field-based coordination and operational processes and to facilitate the delivery and monitoring of integrated SP systems. These will include, among others: (i) strengthening the operating structure of SUPERATE; (ii) training of around 9,000 SUPERATE staff on the new service delivery model and reporting; (iii) implementation of accompanying measures, particularly those related to youth and gender based interventions; (iv) identification and implementation of technological solutions, as well as delivery of technical assistance and trainings, to support the interoperability of SUPERATE's operating processes with other Project stakeholders' information management systems; and (v) improving SUPERATE's management information system, and delivering trainings, to strengthen SUPERATE's evidence-based policy making capacity and performance-based reporting capacity.

35. **This sub-component will improve SUPERATE's beneficiaries' orientation and feedback mechanisms.** It will enhance users' orientation and access to information by: (i) providing technical assistance to develop an information and technology strategy and a technological platform for SUPERATE's Citizen Attention Centers (*Centro de Atención al Ciudadano*) to adequately deliver digital services; (ii) strengthening SUPERATE staff's capacity to refer *Alimentate* CCTs beneficiaries to other social programs and economic inclusion interventions; (iii) enhancing the interoperability of the Citizen Attention Centers' technological platform with other programs and systems (including SIUBEN and ADESS); and (iv) implementing three rounds of Community Report Cards a mechanism for participatory monitoring, beneficiary feedback, and problem resolution for the SUPERATE program and associated services (health, education, payment mechanisms, etc.).

36. **This sub-component will promote SUPERATE's innovation, policy development, and reforms.** It will finance the provision of a flexible set of technical assistance and capacity-building activities provided to SUPERATE and key stakeholders to inform updates to SUPERATE's policy framework and instruments, including among others: (i) reviewing instruments to measure poverty; (ii) evaluating *Alimentate* and Education CCTs schemes and exit strategies; (iii) adapting social protection responses and updating the Adaptive Social Protection Strategy; (iv) strengthening the capacity of SUPERATE and key institutions (such as MEPyD and the Social Cabinet) to monitor and evaluate social policies; (v) taking stock and further enhancing the gender equity and inclusiveness of SUPERATE, including the approach to identify and provide access to persons with disabilities,<sup>33</sup> to reduce inclusion and exclusion errors; and (vi) improving targeting by updating poverty maps once the Population and Housing Census 2022 becomes available.

#### **Component 4. Project Administration and Evaluation (US\$4.57 million)<sup>34</sup>**

37. **This component will support operation of the Project Implementation Unit (PIU) within SUPERATE, and the costs for evaluations and audits.** The technical, administrative, procurement, financial management, environmental and social compliance, monitoring and evaluation areas of SUPERATE will be strengthened with key personnel, including technical, fiduciary, environmental and social safeguards specialists. In addition, the component will finance activities such as impact evaluations, financial audits, technical verification for *Alimentate*

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<sup>33</sup> Using SUPERATE's online accessibility tool for persons with disabilities which is in line with best international practices and universal accessibility standards, and with the World Bank Directive on Risks and Impacts of Disadvantaged and Vulnerable Populations.

<sup>34</sup> This amount includes the front-end fee or charges.



CCTs' and Emergency CTs' eligible households, acquisition of information technology equipment, training, and general operating expenses. This component will finance all costs associated with minor works to refurbish or retrofit SUPERATE's existing buildings and adapt SUPERATE's waste temporary storage rooms for information and technology (IT) equipment.

**38. Impact evaluations and technical assessments will be carried out for the main interventions under Components 1, 2 and 3.** Supporting the implementation of Component 1, one assessment will focus on the impact of a potential parametric reform of the main conditional cash transfer programs on education to provide incentives for boys and girls to complete upper secondary education and for girls to delay early pregnancies. For Component 2, the Project will finance an impact evaluation of several active labor market policy interventions. For Component 3, the Project will support the evaluation of the new cash out and free-choice model. All the evaluations will investigate the presence of any differential effects of interventions between men and women. The Project will consider giving the client some orientation and support to conduct process evaluations for these components to assess how smooth the delivery processes are for payments and training.

#### **Component 5. Contingent Emergency Response Component (US\$0.0 million)**

**39. The component will provide immediate support to any future government response in the event of an eligible crisis or emergency, as needed.** An eligible crisis or emergency is an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact associated with natural or manmade crises or disasters. At the request of the government, the World Bank will reallocate uncommitted funds from other components to this component. The mechanism for the declaration of emergency would be in accordance with the DR's current legislation. The CERC implementing entity<sup>35</sup> will be in charge of carrying out the activities under this component according to the CERC Manual. The eligible expenditures, including cash transfers, for this CERC will be determined in accordance with the CERC Manual.

### **C. Project Beneficiaries**

**40. The direct beneficiaries of the Project vary by component.** They include approximately 1.4 million households enrolled in SUPERATE CCTs. The beneficiaries of the economic inclusion component will be current and former CCT beneficiaries in the selected urban municipalities, prioritizing youth and women aged 18 to 35 years old. It is estimated that around 35,000 individuals would participate in the economic inclusion component and that around 9,000 SUPERATE staff are trained in the new service delivery model. Indirect beneficiaries include staff from different ministries involved in the SP system (see Figure 1 in Annex 1) whose capacity will be improved to deliver integrated SP services.

### **D. Results Chain**

**41. Attainment of the PDO hinges on the achievement of five key results, as reflected in the PDO indicators.** The Project aims to support reform towards a more integrated and adaptive SP system through three main channels: access to shock-responsive assistance, including traditional CTs responses and emergency transfers to respond to climate shocks; promotion of economic inclusion; and efficient integrated social protection services for the extreme poor and poor. Access to social assistance will be achieved through better

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<sup>35</sup> CERC Implementing Entity means SUPERATE or any other Borrower entity acceptable to the Bank.



targeting of CCT coverage to the poorest and women (by graduating those no longer in need of benefits and replacing them with new beneficiaries from ICV-1), and adaptation of the CT program to respond better to shocks, including climate shocks. The Project aims to promote the economic inclusion of poor and extreme poor households by providing training, apprenticeships, and entrepreneurship support for youth to find and retain gainful employment or income generation activities. The Project will support efficiency gains through strengthening the key instruments of the SP system for integrated service delivery including the registry, targeting, payment, and the grievance redress mechanisms, as well as strengthening the operational capacity of the CCT program and promoting reforms to increase the equity and efficiency of transfers. Critical assumptions of this design include the following: that CTs are fully financed for the implementation period, that no external shocks affect the implementation of the economic inclusion component, and that the reforms for SIUBEN and ADESS are carried out as estimated in this document. The Theory of Change is shown in Figure 1.

**Figure 1. Project's Theory of Change**



**E. Rationale for Bank Involvement and Role of Partners**

42. **The World Bank has had a long-standing relationship with the government and its support has played a critical role in the SP sector including recent reforms towards an adaptive system.** Besides financially supporting the reforms of the SUPERATE CT on electricity subsidies (under the Electricity Reform for Sustainable Growth Development Policy Loan, P175874), the World Bank supported the creation of the emergency UCT, *Bono de Emergencia*, and the conceptualization of SIUBEN+ (under both the Second DRM Development Policy Loan with a Catastrophe Deferred Drawdown Option (P178122) and the Hurricane Fiona Emergency Response Project,



P180163). The World Bank has leveraged additional donor (United Nations agencies, Agence Française de Développement, the Inter-American Development Bank (IDB), among others) funding for SP reforms. The proposed Project will complement other programs such as IDB project “Support for Consolidation of an Inclusive Social Protection System in the Dominican Republic, DR-L1152.” The World Bank has coordinated with the IDB on improvements in targeting and the operational capacity of the CCT delivery system. In the past, with similar instruments, the World Bank enabled the development of key SP systems, including improvements in targeting, identification, registration, and payments and in the Grievance Redress Mechanism (GRM). The World Bank brings international experience in safety nets, including their design, delivery, and financing in countries facing climate-related shocks and global knowledge combined with local experience regarding the labor market insertion of youth, women, and other vulnerable groups. It hosts the Partnership for Economic Inclusion,<sup>36</sup> which provides technical and financial support to the Project through a World Bank executed grant.

## F. Lessons Learned and Reflected in the Project Design

43. **The proposed Project builds on global experience, as well as past pilots in the DR.** The proposed Project draws on experiences from Mexico, Peru, Brazil, and Colombia in LAC, as well as the Philippines to inform the re-design of the CCTs and their delivery system.<sup>37</sup> The Project has been informed by lessons learned from pilot initiatives to adapt during shocks, including the COVID-19 pandemic and Hurricane Fiona, specifically the need for awareness building campaigns directed to CCT beneficiaries and collaboration with private financial institutions and the *colmados* network to transit into digital and alternative payment mechanisms for CTs.

44. **Likewise, lessons from the recently closed Integrated Social Protection and Promotion Project (P147213) have informed the design of this operation.** The previous project aimed to improve access of poor citizens to an integrated package of social protection and promotion opportunities. The key lessons mainstreamed in this new operation include: (i) the need to develop special mechanisms for extreme poor (including documentation services, communication campaigns, adaptation of training and employment services, etc.); (ii) the need for complementary actions if targeting performance is to be improved; (iii) the need to modify the design in order to expedite enrollment, and support the monitoring and evaluation of training for this target group; and (iv) the need for a comprehensive design for micro-entrepreneurship incorporating connections with other financial inclusion initiatives and access to financing.

## III. IMPLEMENTATION ARRANGEMENTS

### A. Institutional and Implementation Arrangements

45. **SUPERATE program staff will be responsible for coordination and execution of the Project.** SUPERATE has a PIU in the Directorate of Innovation and International Cooperation, that is responsible for procurement, financial management, and disbursements of all external loans and grants. The PIU manages an IDB project, and

<sup>36</sup> The Partnership for Economic Inclusion aims to accelerate systems change and innovation to massively scale-up effective household interventions that increase the earning opportunities and well-being of extreme poor and vulnerable people, as part of social protection systems reaching about 50 million extreme poor and vulnerable people by 2022.

<sup>37</sup> How does Bolsa Familia Work? IDB Technical Note September 2015; Social Protection, Poverty Eradication and Labor Inclusion: Lessons from Latin America and the Caribbean, CEPAL 2019; Education Impacts and Cost-Effectiveness of CCT Programs in Developing Countries: A Meta-Analysis, NBER Working Paper 23594, July 2017; and Making Payments more Efficient for the Philippines CCT Program, World Bank SP Policy Note #20, September 2019.



the World Bank has found its fiduciary capacity to be adequate to manage the operation. SUPERATE has experience executing a World Bank- financed project and a coordinating role with MoL and INFOTEP on training interventions. The PIU will coordinate through the Directorate of Innovation and International Cooperation the implementation of project activities with other SUPERATE line units and institutions such as ADESS, SIUBEN, MoL, MEPYD, and INFOTEP, particularly for monitoring and evaluation. SUPERATE will sign interinstitutional agreements with these institutions to implement the activities under their technical guidance.

46. **The PIU is well staffed with an experienced Coordinator, technical, procurement, and financial management (FM) teams for the purpose of this Project** (see Figure 2, of Workflow Across the Units Responsible for Project Implementation Organizational Chart, in Annex 1). However, installed capacity to manage social and environmental risks is limited. The SUPERATE PIU will procure all goods, non-consultant services, and consultancies. SUPERATE will hire additional dedicated staff for the World Bank project on procurement, social and environmental management, and FM. SUPERATE will hire or appoint, as applicable, no later than four (4) months after the Effectiveness Date, the following additional staff as part of the PIU: a Project Coordinator, an FM specialist, a procurement specialist, and a social specialist, all with qualifications, experience, and terms of reference satisfactory to the Bank. Likewise, SUPERATE will hire or appoint, no later than six (6) months after the Effectiveness Date, the following additional staff: a contract management specialist, a monitoring and evaluation specialist, a strategic planning specialist, and either another social specialist or an environmental specialist, as further set forth in the POM. In addition, the PIU will be strengthened with other staff dedicated to support project implementation as set forth in the POM, inter alia, one monitoring and evaluation specialist, four FM specialists/analysts, four procurement specialists/analysts, and three staff in supporting back-office functions (receptionist, driver, and messenger). The World Bank will provide annual trainings to PIU staff on the Environmental and Social Framework (ESF) instruments and processes, with a special emphasis on e-wastes and engagement with vulnerable populations; workshops with participating institutions on the dissemination of the GRM, and guidance on engagement with vulnerable groups. These activities are established in the project budget for the implementation of the Environmental and Social Management Framework (ESMF) and the Stakeholders Engagement Plan (SEP). The Project will ensure that all participating institutions will benefit from training and technical assistance for capacity building for managing Environmental and Social risks and impacts.

47. **Component 1 will be implemented according to the SUPERATE Operational Manual.**<sup>38</sup> The SUPERATE Operational Manual has been published on the SUPERATE website. For Sub-Component 1.2, an operational guideline for *Bono de Emergencia* is under preparation. The operational guidelines are intended to provide updated mechanisms and specific procedures incorporating lessons learned after activating the *Bono de Emergencia* and rolling out the FIBE data collection for the first time. The POM will include the following: detailed information about monitoring procedures and control measures to ensure compliance of the CTs for *Alimentate*; explicit references to the operational guidelines of the *Bono Emergencia*; and the operational guidelines and audit mechanisms for this component. Unallocated resources from Sub-Component 1.2 will be transferred to other components after the second year of project implementation if it has not been triggered by a climate-related shock. ADESS will deliver the CT payments.

48. **The SUPERATE PIU, in collaboration with the MoL and INFOTEP, will implement Component 2.** The SUPERATE PIU will coordinate and oversee the component, develop educational and communication materials to orient and mentor program participants and will contract and manage service providers. MoL will provide

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<sup>38</sup> Version 1.0 of SUPERATE's Operational Manual dated May 27, 2022, as approved by Administrative Resolution No. 004-22, dated May 31, 2022.



labor intermediation services. INFOTEP will define requirements for technical training, select training centers and provide quality assurance. Private providers will train beneficiaries. The interventions supported by MoL and INFOTEP will be bundled and costed as part of a package (output) offered per beneficiary. SUPERATE will sign inter-institutional agreements with MoL and INFOTEP to establish their roles and responsibilities and the compensation for operating costs incurred for project activities. The contracts for training providers will be results-based with incentives for good performance, as described in the POM. SUPERATE has experience in implementing similar World-Bank-financed projects and has incorporated past operational features and lessons learned into this Project's operational design (see Box 1 in Annex 1).

49. **Implementation of Components 3, 4 and 5.** SUPERATE will be responsible for all activities under Component 3 and will sign interinstitutional agreements with SIUBEN and ADESS to implement the activities under their technical guidance. For Component 4, the PIU will manage bidding processes and funds. A POM outlining fiduciary and technical processes and procedures to be used for the Project and the roles and responsibilities of all actors will be an effectiveness condition. Component 5 will be implemented according to the standard CERC Manual.

## **B. Results Monitoring and Evaluation Arrangements**

50. **The PIU will have overall responsibility for monitoring and evaluation.** The PIU will consolidate semi-annual monitoring reports 45 days after the end of each calendar semester on the Project's implementation progress, including updated information provided by SIUBEN, ADESS, and other partners such as INFOTEP, and MoL. The monitoring and evaluation responsibilities of each entity will be detailed in the POM and reflected in the inter-institutional agreements. The PIU will be responsible for monitoring and reporting on the Project's Environmental and Social (E&S) instruments as set in the Environmental and Social Commitment Plan (ESCP).

## **C. Sustainability**

51. **Support for the sustainability of the operation is three-fold.** First, at a financial level, the Government demonstrated its commitment to SUPERATE by expanding not only the coverage of the main CCT program *Alimentate* but also raising its transfer amount and providing the required budget to the involved actors (SUPERATE, SIUBEN, and ADESS). Second, at the institutional level, SUPERATE, SIUBEN, ADESS, MoL, and INFOTEP are well-established public agencies. The Project builds on the cooperation in the context of the previous SP project (P147213) among SIUBEN, ADESS, MoL, and INFOTEP. Finally, the Project benefits from strong government ownership, as it supports the SUPERATE program, the antipoverty strategy of the current administration, and the services and delivery system around it.

## **IV. PROJECT APPRAISAL SUMMARY**

### **A. Technical and Economic Analysis**

#### *Technical Analysis*

52. **The Project is expected to benefit current and new SUPERATE participants, who will receive CCTs to increase household consumption and human capital investments in health, nutrition, education, and**



**productivity.** Based on impact evaluation results including for the DR, expected benefits, especially for the eligible extremely poor households, include, but are not limited to: (i) increased household consumption; (ii) increased school enrollment, attendance, and completion; (iii) increased uptake of preventative health services; (iv) improved nutrition; and (v) improved access to skills-enhancement opportunities that facilitate productive inclusion in the labor market.<sup>39</sup> Evidence from past impact evaluations on the effectiveness of CCTs also shows that receiving additional transfers specific for high school education is, on average, associated with a 11.7-13.2 percentage points higher probability of completing high school relative to not receiving these additional transfers, translating into 0.52 additional years of completed education on average. Rough calculations indicate that compared to someone who only completed primary education, every additional US\$10 in high school transfers is expected to increase the chances of finding a job by 1.2-1.5 percent, monthly salaries by US\$1.2-1.3 and deferring having a first child by 0.6 months.

53. **While mixed, there is positive evidence on the effectiveness of youth training.** The economic rationale for the economic inclusion component for SUPERATE youth has three main considerations: (i) compensating the educational gaps of youth will increase their access to the labor market and to more productive and sustainable jobs, with an associated higher income; (ii) easing the transition of youth into the labor market improves efficiency by reducing the search time that creates frictional unemployment; and (iii) preventing youth from remaining idle or experiencing extended periods of unemployment helps avoid scarring effects and makes it less likely that they engage in crime or other risky activities. The results of the impact evaluation carried out for the DR Integrated Social Protection and Promotion Project (P147213) shows that while there was no statistical difference in the employment rate between treatment and control, with only around 15 percent contributing to social security, treatments do display higher quality jobs: they earn a higher income from working (on average, USD 43 more every month, an increase of 11 percent with respect to their peers in the control group) and in the long term, this increase becomes even more noticeable and more of them pay TSS taxes, which indicates a more formal job. Additionally, youth who have done the training display higher job searching skill. The evidence thus indicates that the program led to better jobs and preparation for the labor market, if not a higher probability of employment.

54. **Given the dimension of project activities related to management of personal data, government to people payments, and work related to the interoperability of information systems, data privacy and security are critical aspects of this Project.** DR has sound legislation related to access of information, cybersecurity, and data privacy, including Law No. 200-04 of Free Access to Public Information and its regulatory Decree 130-05; Law No. 172-13 of Personal Data Protection, Decree No. 486-12 that created the National Direction for Public Ethics which regulates access to public information, and Decree No. 134-17, which creates the Ethics Commissions. Recently, an assessment of legal grounds for data protection and cybersecurity was conducted by the World Bank. It was informed by the Identification for Development (ID4D) diagnostic, and a report that assessed the legal enabling environment on the local norms and protocols of participating institutions. The assessment concluded that the overall policies and procedures for operating the CCT Program related to data protection and security, as well as those that specifically apply to SIUBEN, meet the minimum standards required by applicable national laws and regulations.<sup>40</sup>

### *Economic analysis*

<sup>39</sup> Evaluación de Impacto al Programa Progresando con Solidaridad (PROSOLI): Evidencia para la Innovación en la Protección Social, Gertler, P. and Garz, S.

<sup>40</sup> ADESS's assessment will be conducted as project activities.





55. **The results from the economic analysis indicate that project benefits are positive, with a Net Present Value (NPV) of US\$4.5 million during the first 5 years.** The Present Value (PV) of total project costs account for US\$65.4 million and the PV of project benefits for the components analyzed account for US\$69.8 million during the first 5 years. The economic analysis uses survey and administrative data from the DR and the literature on the impacts of similar programs to assess the costs and benefits of the interventions. The economic analysis only assesses the combined benefits of sub-components 1.1, 2.2 and 3.3, accounting for most of the project resources. Since the benefits of project activities implemented under other sub-components, as well as components 4 and 5 are not amenable to be quantified, the analysis discusses anticipated gains without precisely estimating them. The estimate of the total NPV of the Project is therefore a conservative one. The main conclusions from the economic analysis are robust to a range of assumptions and sensitivity checks. Parameters, assumptions, and results are detailed in Annex 2.

56. **The estimated monetary gains from the three sub-components take into account several different benefits depending on the intervention.** Enrollment in the *Alimentate* CT (sub-component 1.1) are estimated in two ways. Gains from *Alimentate* enrollment include: (i) the expected direct impact associated with higher food consumption; and (ii) based on the number of beneficiary households with a female head, *Alimentate's* positive impact on female labor force participation and associated labor earnings. For the economic analysis of sub-component 2.2, monetary gains are estimated based on the number of beneficiaries entering the labor market and/or improving their wages after training. The sub-component aims to increase the employability of young women and men in extremely poor and moderately poor households by providing a package of technical, vocational and life skills training courses followed by apprenticeships/internships in private firms. Employment gains were estimated based on the number of beneficiaries, experimental evidence on the impact of the training package on earnings, and the expected duration of the training impact. The intervention is anticipated to generate a stream of economic benefits arising from increased productivity and employment among participants relative to non-participants. For sub-component 3.3, monetary gains from inclusion in the secondary education CCT are estimated. Based on impact evaluations of the secondary education cash transfer program (*Avanza*)<sup>41</sup> and literature review,<sup>42</sup> the economic analysis assumes gains in secondary education which would result in an increase of annual expected earnings of around 2.5 percent due to higher probability of being employed and formalized.

## B. Fiduciary

### Financial Management (FM)

57. **FM Assessment.** World Bank staff carried out an FM Assessment in December 2022.<sup>43</sup> The conclusion is that SUPERATE's proposed FM arrangements, after satisfactory implementation of the time-bound action plan (see next paragraph), are deemed acceptable to the World Bank. The PIU already manages external funded projects with similarities in terms of design, content, and objectives. However, CTs under Component 1, as well

<sup>41</sup> Gertler et al. (2019). Evaluación de impacto al programa con solidaridad (PROSOLI): evidencia para la innovación en la protección social. Nota de Política. Vicepresidencia de la Republica Dominicana.

<sup>42</sup> Millán, T. M., Barham, T., Macours, K., Maluccio, J. A., & Stampini, M. (2019). Long-term impacts of conditional cash transfers: review of the evidence. *The World Bank Research Observer*, 34(1), 119-159.

<sup>43</sup> In accordance with the Investment Project Financing and Bank Directive: Investment Project Financing and the Financial Management Manual for World Bank (Bank)-Financed Investment Operations (effective March 1, 2010, and revised September 7, 2021).



as payments for stipends under Component 2.2 and 2.3 and the fact that the PIU manages funds of other sources, pose a Moderate element of FM risk. Another element of FM risk is related to the potential lack of sufficient FM capacity to handle the additional workload, thus, undermining the PIU's ability to maintain acceptable FM arrangements.

**58. In order to manage and mitigate the identified FM risks, key measures were defined in the following time-bound action plan:** (i) the fiduciary unit in SUPERATE will be strengthened with staff dedicated to the World Bank-financed project; (ii) special arrangements will be agreed and set out in the POM in terms of funds flow and monitoring of CTs to beneficiaries including control measures to ensure consistency and accuracy of the beneficiaries' database and the CTs payment system under Component 1; (iii) an independent technical verification agent will be hired to verify that payments of transfers to Eligible Households was carried out in accordance with terms of reference set forth in the Loan Agreement and in the POM, and a report will be submitted to the World Bank before requesting for reimbursements of CT transfers paid out with government funds; (iv) specific procedures on eligibility criteria for stipends under Component 2 will be included in the POM; (v) the actions necessary for planning and recording the Project's budget in the annual budget law will be carried out; (vi) a tailored chart of accounts, the format and contents of financial reports including interim financial reports (IFR) and annual statements, in accordance with Project needs, that are to be generated by the Financial Management System (SIGEF/UEPEX), will be designed and developed, approved by the World Bank and incorporated in the POM; and (vii) hiring an eligible external audit firm to perform annual financial audits with the audit terms of reference to include a requirement for the auditors to issue an opinion determining whether payments of the Project's eligible expenditures have been financed by another external financing source. Close coordination with other development partners and government units will be needed to clearly define the financing boundaries for the activities and staff related to the execution, monitoring, and evaluation of the overall program to be reflected in the program's budget.

**59. Budgeting and accounting system.** SUPERATE will be responsible for the Project's annual budget programming, implementation, and evaluation activities. The Project's annual budget will follow the government budget structure and procedures, including a classification of project components/subcomponents/activities. The PIU will monitor the Project's budget using the SIGEF/UEPEX<sup>44</sup> module, which has embedded controls providing for efficiency and transparency in the management of external financing funds. The SIGEF/UEPEX system provides a good ex-ante internal control framework, and it is considered adequate for accounting purposes. National accounting standards will be used for maintaining the project's accounting records. Government accounting is on an accrual basis, thus and if possible, UEPEX reports will follow this policy, otherwise cash basis reporting is acceptable to the World Bank.

**60. Financial Reporting, internal control and auditing.** The Project proposed arrangements will use Cash Basis Accounting for the preparation of semi-annual interim financial reports (IFRs) and annual financial statements. IFRs will be prepared on a fiscal semester basis and will be submitted to the World Bank no later than 45 days after the end of each calendar semester as agreed in the POM. The internal control environment to be used for the Project is anchored in the country's legal and institutional framework.<sup>45</sup> The POM will be prepared

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<sup>44</sup> The DR's Government Financial Management Information System (SIGEF, for its acronym in Spanish) is an automated modular tool that serves as the instrument to facilitate compliance with the purposes financial administration. The UEPEX (Implementing Unit System for External Credits (*Sistema de Unidades Ejecutoras de Préstamos Externos*)) is the module that manages the external resources.

<sup>45</sup> Law 10-07 of January 8, 2007, establishes the National System of Internal Control and the Comptroller General of the Republic and Decree No. 491-07 of August 30, 2007, which approves the Regulations for the Application of Law 10-07.



and implemented by the PIU describing among others, the specific FM arrangements in terms of funds flow and monitoring controls over CTs to beneficiaries including control measures to ensure consistency and accuracy of the beneficiaries' database and CTs payment system under Component 1. The POM will also include specific procedures on eligibility criteria for stipends to be financed under Component 2. Activities implemented under SUPERATE Internal Audit Unit (IAU) could be considered as part of the scope of the IAU annual operational plan for the FY 2023 and the World Bank staff will review reports issued by this unit during regular supervision missions. Project annual financial statements will be audited in accordance with World Bank policy, under terms of reference and by an independent auditor acceptable to the World Bank. Project annual audited financial statements will be submitted to the World Bank up to six months after the end of the audited period and published.

61. **Disbursements, Flow of Funds, and Supervision.** The main disbursement method to be used for the Project is the Advance method. Project funds will be advanced into a designated dedicated account in dollars opened at the Central Bank to be managed by SUPERATE. In addition, an account will be established under the Treasury Single Account (TSA) concept in local currency for making payments of project eligible expenditures. The PIU will use Statement of Expenditures (SOE) in a format to be agreed with the World Bank to document eligible expenditures paid from advances to the designated account. The reimbursement and direct payment methods will also be available for the Project and included in the Disbursement and Financial Information Letter. A customized SOE will be used for documenting expenditures under the CTs Component 1, stipends, and operating costs for INFOTEP. Requests for reimbursements of CTs will be submitted subject to receiving the technical verification reports conducted by an independent third party acceptable to the World Bank. FM implementation support will include on-site and off-site supervision. On-site missions will be carried out at least twice a year during the first year of project implementation and later calibrated following assessed risk and project performance.

## **Procurement**

62. **Procurement Arrangements:** Procurement will be carried out in accordance with the World Bank's Procurement Regulations for Investment Project Financing (IPF) Borrowers dated November 2020 and World Bank's Anticorruption Guidelines, dated October 15, 2006 (revised January 2011 and July 1, 2016). The Project will use the Systematic Tracking of Exchanges in Procurement (STEP) to plan, record, and track procurement transactions. The World Bank performed during project preparation, specifically from September 2022 to November 2022, a Procurement Assessment to evaluate the capacity of SUPERATE to implement procurement activities under the Project. Capacity within SUPERATE was deemed to be adequate for project implementation. The PIU will be staffed with a full-time procurement specialist with relevant experience in World Bank Procurement Regulations.

63. **A Project Procurement Strategies for Development (PPSD) and Procurement Plan were prepared before negotiations for the first 18 months of the Project and will be updated as needed.** A PPSD and a Procurement Plan for the first 18 months of the Program were drafted during project preparation by the executing agency. The World Bank reviewed the PPSD and agreed to the Procurement Plan before the completion of loan negotiations. These documents provide the basis for procurement methods and contract arrangements. This Procurement Plan and PPSD will be available on the World Bank's external website and in STEP or any other system agreed with the World Bank. The Procurement Plan will be updated through STEP in agreement with the World Bank as necessary to reflect actual implementation needs to achieve the project development objectives.



The World Bank will carry out the Post Reviews process on an annual basis with a sample selected from STEP. The procurement risk rating will be adjusted periodically during project implementation based on the agency’s performance. The World Bank will also carry out procurement support missions on a semiannual basis. SUPERATE shall upload all procurement and contract information in the STEP system, which will be used to provide the World Bank with a consolidated list of all contracts for goods, non-consulting services and consulting services awarded under the project, SUPERATE shall maintain STEP up to date with all the documentations generated in each of the processes carried out.

**C. Legal Operational Policies**

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

**D. Environmental and Social**

64. **The Environmental and Social Risk is rated Moderate.** The Project’s Environmental and Social Risk Summary (ESRS) summarizes the relevant Environmental and Social Standards (ESS) and provides detailed analysis of the relevance of each. All ESS are applicable to the Project, except the following: ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement; ESS 6: Biodiversity Conservation And Sustainable Management of Living Natural Resources; ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities; ESS 8 Cultural Heritage; and ESS9 Financial Intermediaries.

65. **The project’s environmental risk rating is considered Moderate.** Project activities are not expected to result in adverse impacts on the environment. The Project will not finance any type of civil works, except for minor construction works to refurbish or retrofit government owned facilities to install new IT equipment and adapt SUPERATE’s waste temporary storage rooms for IT equipment. Potential negative impacts are thus expected to be minor, site-specific, temporary, and reversible. Technical assistance activities will consider elements of the ESF as applicable.

66. **The social risk rating is Moderate.** With the information available, the Project is expected to have mostly positive impacts on vulnerable and systematically excluded groups and limited negative social effects. All social risks and impacts are expected to be temporary and predictable and will be managed through mitigation mechanisms described in the E&S instruments. The main social risks are associated with: (i) the potential exclusion of vulnerable groups from participating in the benefits of the Project, primarily irregular migrants; (ii) the recognition of additional efforts to improve registration and access among vulnerable and disadvantaged groups, which include persons with disabilities, persons within the LGBTI community, other vulnerable youth, and women, particularly young poor mothers, and migrants with a regular migratory status;<sup>46</sup> (iii) the potential for exclusion of vulnerable groups, related to limited access to payments due to changes in technology that may not be ‘universally’ accepted or rapidly accessible through the replacing 1.6 million magnetic SUPERATE cards with cards with a smart chip that use EMV technology, a more secure payment technology; (iv) challenges associated with

<sup>46</sup> Regular migrants with a valid government-issued ID might be eligible to benefit from SUPERATE.



the limited installed capacity to carry out stakeholder engagement processes, including existing social communication and beneficiaries' feedback mechanisms within SUPERATE, that may need to be strengthened during project preparation and implementation in order to reach targeted groups in all areas of the country; and (v) although SIUBEN and SUPERATE have been assessed and found with established and sound security and data protection provisions, institutions outside them, such as ADESS, still need to strengthen their capacities; this will require detailed interinstitutional cooperation agreements to ensure that implementation of project activities is in line with environmental and social standards. The Sexual Exploitation and Abuse (SEA) and Sexual Harassment (SH) Risk Rating is Low at Appraisal Stage.

67. **E&S Risk Management:** As some elements of the project design were not defined during preparation, such as the precise location of project activities within the 14 provinces that will benefit from the project, an ESMF was prepared. The draft ESMF was published before concluding Appraisal and will be adopted within the first 90 days as of the Loan Agreement's effectiveness.<sup>47,48</sup> The ESMF is proportionate to the E&S risks and impacts and the scope of the Project to assess the risks associated with the proposed activities under the Project, incorporates mitigation measures and proposes actions to improve its design or implementation. The draft ESMF identifies potential exclusion of beneficiaries using digital technologies for payments that may not be accessible to all, as well as barriers faced by groups such as persons with disabilities, persons within the LGBTI community, undocumented migrants and stateless populations, vulnerable youth, youth women, among others.

68. **The draft ESMF includes measures to ensure inclusion and participation of vulnerable groups, as follows:** (i) participating in planning and/or implementation of activities that affect them and addressing potential improvements in targeting criteria or inclusion gaps; and (ii) receiving differential treatment, when relevant, to promote their participation. The World Bank team shared the recent WB diagnostic on digital inclusion to help inform mitigation measures to address potential exclusion of beneficiaries through the implementation of digital technologies and include recommendations to mitigate these risks. The ESMF assesses SUPERATE's existing social communication and stakeholder engagement strategies and grievance mechanisms to inform, in turn, the preparation of the Stakeholder Engagement Plan (SEP), to improve beneficiary outreach and communication. The preparation of the draft ESMF was informed by consultations with government agencies, civil society organizations that represent vulnerable groups and other potential stakeholders. SUPERATE also developed an SEP with its Grievance Redress Mechanism (GRM), and the ESCP.

69. **While the Project is not expected to result in adverse risks and impacts to the environment, it will finance minor construction works to refurbish or retrofit government owned facilities to install new information technology (IT) equipment and adapt SUPERATE's waste temporary storage rooms for IT equipment.** Potential negative impacts derived from minor construction works are assessed in the draft ESMF, together with health and safety risks to project workers. In addition, the Project could generate e-wastes from the replacement of electronics to be procured. The quantity and type of IT equipment to be procured has not been determined during project preparation. The draft ESMF provides an initial identification of the e-waste generation and mechanisms for its handling/disposal. The Borrower has prepared an E-Waste Management Plan (EWMP) in line with national legislation and following the World Bank Environmental, Health, and Safety (EHS) Guidelines to be adopted and implemented when needed. The implementation of the EWMP may require setting up a storage room for e-wastes

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<sup>47</sup> E&S documents were published on March 3, 2023 in the *World Bank site*.

<http://documents.worldbank.org/curated/en/099180003152321368/P17944002964270d0b7b20edd592ebd958>.

<sup>48</sup> E&S documents were published on March 3, 2023 in the *SUPERATE site*. <https://www.superate.gob.do/marco-de-gestion-ambiental-y-social-mgas/>



which may require minor construction works, which are addressed in the ESMF and financed under Component 4.

70. **The borrower will prepare project-level Labor Management Procedures (LMP) within 90 days of the Loan Agreement's effectiveness** to identify the different types of project workers that are likely to be involved in the Project and set out how different types of project workers will be managed, in accordance with the requirements of national law and the Environmental and Social Standard on Labor conditions. The LMP will also include an Occupational Health and Safety Plan (OHSP), a Code of Conduct, and a GRM for project workers. This Code of Conduct and GRM will take into consideration SEA/SH issues and actions to mitigate associated risks, in a manner acceptable to the World Bank.

71. **All technical assistance (TA) activities to be financed under the Project will follow requirements of the ESS1.** Environmental and Social Risks and Impacts, as relevant and appropriate to the nature of the risks and impacts and will be incorporated in their corresponding terms of reference. In addition, these TA activities, including the resulting terms of reference, work plans or other documents, will be consistent with the ESSs applicable to the Project, and especially focus on ensuring inclusion of vulnerable groups.

72. **Citizen engagement and consultations.** Participatory dialogues on the Project were held virtually in November 2022 with various stakeholders. The consultations were conducted by telephone, email, and online surveys to solicit citizen feedback on the Project. In addition, regional face-to-face meetings were conducted with key stakeholders and completed by November 30, 2022. These consultations were important to inform project design in three key areas: (i) ensuring resources to adequately monitor and verify SUPERATE CCTs payments; (ii) training field staff to provide integrated services accompanying the CCTs under the new service delivery approach; and (iii) preparing the ground for signing inter-institutional agreements for the implementation of Component 2 and defining clear institutional responsibilities through the entire intervention (identification, enrollment, screening, training, monitoring beneficiaries) as well as identifying the role of the private sector for this component.

73. **Citizens are key partners in the implementation of this Project.** The Project will also emphasize approaches that maximize outreach and participation of communities and broader public awareness of project activities. Besides the focus on gender and youth, the Project plans to conduct extensive communication campaigns that allow a feedback loop between the Project and potential beneficiaries with complaints. Citizens are expected to be involved in all areas of the Project by participating periodically in public consultations as part of the Community Report Cards. In addition to consultations, the Project will strengthen the SUPERATE management system that has a robust GRM to allow beneficiaries and other stakeholders to share concerns. The GRM will ensure that queries or clarifications about the Project are responded to, and grievances are addressed efficiently and effectively in the Centers for Attention to Citizens (*Centros de Atención al Ciudadano*). Furthermore, these services will be connected to Community Report Cards to ensure citizens are providing feedback to help improve the quality of SUPERATE services. Finally, the Project will measure two citizen engagement-specific indicators through the Results Framework: (i) Percentage of satisfactorily resolved cases by the GRM- *Centros de Atención al Ciudadano*; and (ii) Number of community report cards completed.

74. **Gender.** Poverty rates in the DR have been historically higher among women than men and this was exacerbated during the COVID-19 pandemic. These imbalances in poverty between women and men are likely rooted in three key gender gaps. One gap refers to unequal opportunities in health and nutrition during childhood



and in the ability to complete secondary school due to financial constraints, gender stereotypes and social norms. A second gap is unequal access to productive opportunities, where women are more likely to be unemployed, work fewer hours, and earn less than men. In addition, women's ownership of productive assets, including finance, is limited compared to men. A third gap is the uneven access between women and men to resources to cope with climatic shocks (partly because women are overrepresented among the poor and thus have a more limited access to endowments and income) making them particularly exposed to poverty when hit by these shocks.<sup>49</sup> The Project aims to tackle these key gaps to accelerate progress toward gender equality and poverty reduction through: (1) *sub-component 1.1*, which will contribute to the Government's goal of maintaining the coverage of the CT *Alimentate*, in particular to keep the higher share (62 percent) of female-headed among beneficiary households; (2) *sub-component 1.2*, which will finance emergency cash transfers to eligible households affected by future climate shocks that will influence their experience and capacity to recover from shocks. This will be of particular relevance for the poorest and women given their limited ability to respond better to climate shocks; (3) *sub-component 2.2*, aims to address the existing gender gaps in youth's access to economic opportunities by promoting the participation of female youth in the interventions (target of at least 50 percent women among youth benefiting from the main interventions); and (4) *sub-component 3.3*, that will increase the number of unregistered low-income female-headed households enrolled in SIUBEN, which is the entry door for any potential beneficiaries of the SUPERATE CTs. This sub-component will also finance and provide technical support to assess the viability of a parametric reform of the *Aprende* and *Avanza* CCTs to provide incentives for girls to complete secondary education and to delay early pregnancies. The Results Framework includes relevant indicators to monitor the proposed contributions towards gender equality. Moreover, the Project integrates accompanying design elements to better address women's specific constraints. For instance, introducing behavioral change communication activities (particularly related to the prevention of adolescent pregnancy as well as nutrition and health advice) when offering cash transfers to households. Measures to encourage young women's participation will include facilitating their access to *Communities of Care*, a government program under SUPERATE already piloting the offer of care services, if needed.

75. **Climate Co-Benefits.** The Dominican poor are extremely vulnerable to climate change, and more susceptible to suffer losses due to floods and storms, as they are not only located in climate-vulnerable and hazard-prone areas (i.e., steep land or squatter settlements) but their housing is also of poorer quality, and less resilient to climate hazard impacts. In addition, the poor often rely on negative coping mechanisms to manage the impacts of such climate shocks, including reducing food consumption, selling productive assets or mobilizing child labor. The Project aims to protect the poor from the adverse consequences of climate shocks and avoid costly responses in hard times through its various components. Component 1.1 is expected to improve household resilience to climate shocks by providing cash transfers on a regular basis that enables them to build savings and assets, and SUPERATE is intended to be the country's main social protection vehicle responding to climate-induced shocks. Component 1.2 will strengthen the climate shock responsive capacity of SUPERATE while helping households to avoid negative coping strategies and will only be triggered by a climate-related shock. Component 2 will bolster economic resilience in urban areas by improving the income opportunities of the poor through more and better jobs, and through better access to capital and business skills that allow the diversification of livelihoods to less climate-reliant activities and more carbon-mitigating green jobs. An effective ASP system also requires regulations and tools to identify potential beneficiaries, expand social benefits, and extend delivery system capacity to respond to climate shocks. Component 3 will enable the government to respond more quickly and effectively to climate shocks by strengthening the SUPERATE delivery system, from identification to payment and

<sup>49</sup> The World Bank (2023). Gender Assessment of the Dominican Republic. World Bank, Washington, DC.



referrals, to deliver benefits to the population affected by climate-related shocks. Additionally, the Results Framework includes an indicator to measure the number of households receiving emergency cash transfers in the event of a climate emergency.

## V. GRIEVANCE REDRESS SERVICES

76. **Grievance Redress.** Communities and individuals who believe that they are adversely affected by a project supported by the World Bank may submit complaints to existing project-level grievance mechanisms or the World Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the World Bank's independent Accountability Mechanism (AM). The AM houses the Inspection Panel, which determines whether harm occurred, or could occur, as a result of the World Bank non-compliance with its policies and procedures, and the Dispute Resolution Service, which provides communities and borrowers with the opportunity to address complaints through dispute resolution. Complaints may be submitted to the AM at any time after concerns have been brought directly to the attention of World Bank Management and after Management has been given an opportunity to respond. For information on how to submit complaints to the Bank's Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank's Accountability Mechanism, please visit <https://accountability.worldbank.org>.

## VI. KEY RISKS

77. **The overall risk rating for the proposed Project is Moderate.** All risk categories are rated Moderate.

**Other: Cybersecurity and data protection risks.** While these risks are Moderate, cybersecurity and data protection risks are worth highlighting given the substantial amount of work related to IT systems and data collection and management in the Project. Risks will be mitigated with specific data security and protection protocols that will be established in the POM, and an assessment of the legal and regulatory framework governing ADESS's mandate on data protection and cybersecurity (including ADESS's protocols), satisfactory to the Bank, will be prepared before disbursing CCTs and CTs under Component 1. A new data protection bill is being drafted and is expected to include the potential creation of the National Authority for the Protection of Data. Moreover, further legal assessment will be included as part of the Project activities to ensure the POM can be updated to include comprehensive protocols to mitigate these risks and a cybersecurity roadmap for preparedness, including ADESS's protocols, with the emphasis on human capacity and cybersecurity resilience, including compliance with domestic and international norms and standards. The draft ESMF also includes a rapid data security risk assessment, including the review of interoperability environments, as data encryption keys, point-to-point network security, and access controls, among other instruments governed by SIUBEN's Ethical Data Management Committee, Operations Committee, and the Public Ethics Commission. SIUBEN is one of the strongest institutions in the country in terms of ensuring data security and privacy. SIUBEN achieved the ISO27001 Certification on information security, which establishes information security controls and protocols already implemented with security monitoring tools. SIUBEN also has software for detection, protection, and controlled access to personal data. These mitigation measures will help ensure appropriate data management, confidentiality, and protection of personal records. The World Bank will not be collecting or processing any personal data.





VII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Dominican Republic

Integrated Social Protection Inclusion and Resilience Project (INSPIRE)

Project Development Objectives(s)

The Project development objectives (PDO) are to increase the efficiency of integrated social protection services and to promote economic inclusion and access to shock-responsive assistance, including climate shocks, for the poor and extreme poor, and in case of an Eligible Crisis or Emergency, respond promptly and effectively to it.

Project Development Objective Indicators

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
<b>Promote access to shock-responsive assistance including climate shocks to the poor and extreme poor</b>							
Poor and extreme poor households receiving cash transfers under the Aliméntate component of SUPERATE (Percentage)		30.00	30.00	35.00	40.00	40.00	40.00
Households receiving the Bono de Emergencia (access to shock-responsive assistance including climate shocks) (Number)		0.00	0.00	0.00	3,000.00	3,000.00	3,000.00
<b>Promote economic inclusion of the poor and extreme poor</b>							
Increase in the Percentage of SUPERATE youth beneficiaries who are in wage employment		0.00	0.00	0.00	0.00	8.00	8.00



Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
within six months of program completion (Percentage)							
<b>Increase the efficiency of integrated social protection services</b>							
New households classified as poor and extreme poor added to SIUBEN Social Registry (Number)		0.00	0.00	80,272.00	160,544.00	267,572.00	267,572.00
New households classified as poor and extreme poor added to SIUBEN Social Registry headed by females (Percentage)		0.00	0.00	44.00	44.00	44.00	44.00

**Intermediate Results Indicators by Components**

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
<b>Component 1 Promoting Human Cap &amp; Increased Resilience Against Shocks incl climate shocks Through CT</b>							
Beneficiaries of social safety net programs (CRI, Number)		1,402,088.00	1,402,088.00	1,402,088.00	1,402,088.00	1,402,088.00	1,402,088.00
Female Beneficiaries of Social Safety Net Programs (Percentage)		62.00	62.00	62.00	62.00	62.00	62.00
<b>Component 2 Promoting Economic Inclusion of vulnerable youth</b>							
Beneficiaries of labor market programs (CRI, Number)		0.00	3,500.00	19,500.00	25,500.00	35,000.00	35,000.00
Youth participants who		0.00	3,000.00	15,000.00	21,500.00	25,000.00	25,000.00



Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
complete the wage employment pathway (Number)							
Youth participants who complete the wage employment pathway who are female (Percentage)		0.00	40.00	42.00	45.00	50.00	50.00
Reduction in employment gap between men and women (Percentage)		8.00	0.00	7.00	6.00	4.00	4.00
Youth participants who complete the entrepreneurship pathway (Number)		0.00	500.00	3,000.00	4,000.00	5,000.00	5,000.00
Female youth participants who complete the entrepreneurship pathway (Percentage)		0.00	40.00	42.00	45.00	50.00	50.00
Youth who have completed their business registration process six months after business training (Percentage)		0.00	0.00	10.00	20.00	30.00	30.00
Youth referred to Ministry of Labor for labor intermediation services who are placed in formal jobs six months after being referred (Percentage)		0.00	0.00	10.00	20.00	30.00	30.00
<b>Component 3 Improving the efficiency of the delivery of Integrated Social Protection Services</b>							
SIUBEN Interoperability platform is functional (Text)		Basic information exchange through excel files with 2 databases: SUPERATE and ADESS.	RUB Conceptual design completed, implemented and interoperating with 2 databases: Superate and Adess.	4 databases interoperable with SIUBEN.	5 databases interoperable with SIUBEN.	6 databases interoperable with SIUBEN.	6 databases interoperable with SIUBEN.



Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
SIUBEN coverage (Number)		63.90	63.90	68.00	75.00	85.00	85.00
Strategy toward digital payments and financial inclusion (ADESS) (Text)		No reform.	Strategy designed and Negative List of goods and services for Alimentate functional.	all SUPERATE beneficiaries with bank card replaced by EMV cards.	Pilot on digital payments designed and launched	SUPERATE beneficiaries are paid through cellphones or digital/ewallets (10%).	Pilot on digital payments finished and evaluated.
SUPERATE households receiving Alimentate that comply with the criteria and are subject to co-responsibilities verification per year (SUPERATE) (Percentage)		50.00	52.00	53.00	54.00	55.00	55.00
Satisfactorily resolved cases by the GRM- centros de atención al ciudadano (SUPERATE) (Percentage)		60.00	60.00	65.00	70.00	75.00	75.00
Community report cards completed (SUPERATE) (Number)		0.00	0.00	1.00	2.00	3.00	3.00

**Monitoring & Evaluation Plan: PDO Indicators**

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Poor and extreme poor households receiving cash transfers under the Aliméntate component of SUPERATE	Percentage of monetary poor and extreme poor households receiving cash transfers under the	Every two years.	Household surveys ENCFT.	Household surveys ENCFT.	MEPYD, Central Bank and SUPERATE.



	Alimentate component of SUPERATE (1) Notes: (1) Estimations based on ENCFT 2019				
Households receiving the Bono de Emergencia (access to shock-responsive assistance including climate shocks)	Headcount of number of households receiving the Bono de Emergencia if it is triggered during project implementation. The end of project target of beneficiaries is tentatively set at the given value but will depend on (i) whether climate shock event occurs; and (ii) the needs created by such event.	Once.	SUPERATE/A DESS payroll.	Administrative data in SIPS/SUPERATE and ADESS.	SUPERATE/ADESS.
Increase in the Percentage of SUPERATE youth beneficiaries who are in wage employment within six months of program completion	Percentage difference between wage employment rate of SUPERATE beneficiaries graduate of the Economic Inclusion Program at time of impact measurement minus wage employment rate of non-beneficiaries.	Once.	Impact evaluation of Project to be reported in Y4.	Impact evaluation carried out by SUPERATE.	SUPERATE.
New households classified as poor and extreme poor added to SIUBEN Social Registry	Number of new households classified as poor and extreme poor added to SIUBEN Social Registry. Activities will start in year 2 of the Project implementation period.	Annual.	SIUBEN database.	SIUBEN updates.	SIUBEN.



New households classified as poor and extreme poor added to SIUBEN Social Registry headed by females	Percentage of new households classified as poor and extreme poor added to SIUBEN Social Registry headed by females.	Annual.	SIUBEN database.	SIUBEN updates.	SIUBEN.
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**Monitoring & Evaluation Plan: Intermediate Results Indicators**

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Beneficiaries of social safety net programs		Annual	SIPS/SUPERATE	SUPERATE administrative data	To report this CRI indicator, SUPERATE will provide headcount of Number of beneficiary households in Alimentate
Female Beneficiaries of Social Safety Net Programs	Percentage of SUPERATE households receiving Alimentate headed by females/ total percentage of SUPERATE households receiving Alimentate.	Annual.	SIPS/SUPERATE.	SUPERATE administrative data.	SUPERATE.
Beneficiaries of labor market programs		Annual.	SIPS/SUPERATE.	Use of administrative data in SIPS / SUPERATE.	To report this CRI indicator, SUPERATE will provide the headcount of Eligible Youth participants in the project
Youth participants who complete the wage employment pathway	Total number of of SUPERATE youth in ICV-1 and ICV-2 households who	Annual.	SIPS/SUPERATE.	Use of administrative data in SIPS / SUPERATE.	SUPERATE.



	complete the activities under the wage employment pathway.				
Youth participants who complete the wage employment pathway who are female	Percentage of female SUPERATE youth in ICV1 and ICV2 households who complete the activities under the wage employment pathway/ percentage of SUPERATE youth in ICV-1 and ICV-2 households who complete the activities under the wage employment pathway.	Annual.	SIPS/SUPERATE.	Use of administrative data in SIPS / SUPERATE.	SUPERATE.
Reduction in employment gap between men and women	Percentage difference= employment rate of men - employment rate of women  Employment rate for men/women is calculated as number of employed men/ women six months after completing the wage employment pathway divided by the number of men/women who completed the program	annual	SIPS/SUPERATE	administrative data in SIPS/SIRLA/TSS	SUPERATE
Youth participants who complete the entrepreneurship pathway	Total number of of SUPERATE youth in ICV-1 and ICV-2 households who complete the activities	Annual.	SIPS/SUPERATE.	Use of administrative data in SIPS/ SUPERATE.	SUPERATE.



	under the entrepreneurship pathway.				
Female youth participants who complete the entrepreneurship pathway	Percentage of youth who finalize the apprenticeship/number of beneficiaries enrolled in the training and apprenticeship pathway.	Annual	SIPS/SUPERATE	Use of administrative data in SIPS/ SUPERATE	SUPERATE
Youth who have completed their business registration process six months after business training	Percentage of SUPERATE youth in ICV-1 and ICV-2 households who complete the activities under the entrepreneurship pathway and complete their business registration process six months after business training.	Annual	SIPS/SUPERATE	Use of administrative data in SIPS/ SUPERATE	SUPERATE
Youth referred to Ministry of Labor for labor intermediation services who are placed in formal jobs six months after being referred	Percentage of youth referred by SUPERATE to MoL to benefit from labor intermediation services who are placed in formal jobs/ percentage of youth referred to MoL to benefit from intermediation services.	Annual	SIPS/SUPERATE	Use of administrative data in SIPS interoperable with MoL/ SUPERATE	SUPERATE
SIUBEN Interoperability platform is functional	SIUBEN strategy to exchange information with other institutions.	Annual.	SIUBEN administrative and legal systems.	SIUBEN reports on number of interoperability agreements.	SIUBEN.





SIUBEN coverage	Number of households enrolled in SIUBEN with socioeconomic conditions certified and classified by ICV/ total number of households in DR estimated 3.3 million.	Annual	SIUBEN database	SIUBEN report	SIUBEN
Strategy toward digital payments and financial inclusion (ADESS)	SUPERATE strategy to improve payment systems and transition to digital payments and financial inclusion. Every year milestones will be achieved including the design of the strategy, the replacement of band cards with EMV cards, the design and implementation of a pilot on digital payments, and the use of digital payments through cell phones. SUPERATE will report achievement of these milestones every year.	Annual	SUPERATE	SUPERATE reports	SUPERATE
SUPERATE households receiving Alimentate that comply with the criteria and are subject to co-responsibilities verification per year (SUPERATE)	Number of SUPERATE households receiving Alimentate whose corresponsibilities are verified per year/Number of SUPERATE households receiving Alimentate with children 0-5 years of age	Annual	SIPS/SUPERATE	SUPERATE administrative data based on field visits for data collection on co-responsibilities	SUPERATE



	and pregnant women according to SIUBEN third socioeconomic study				
Satisfactorily resolved cases by the GRM-centros de atencion al ciudadano (SUPERATE)	Total Number of cases resolved satisfactorily by centros de atencion al ciudadano/total number of cases received by centros de atencion al ciudadano.	Annual	SUPERATE	SUPERATE administrative data	SUPERATE
Community report cards completed (SUPERATE)	Rounds of Community report cards annually carried out.	Annual	SUPERATE	SUPERATE administrative data	SUPERATE



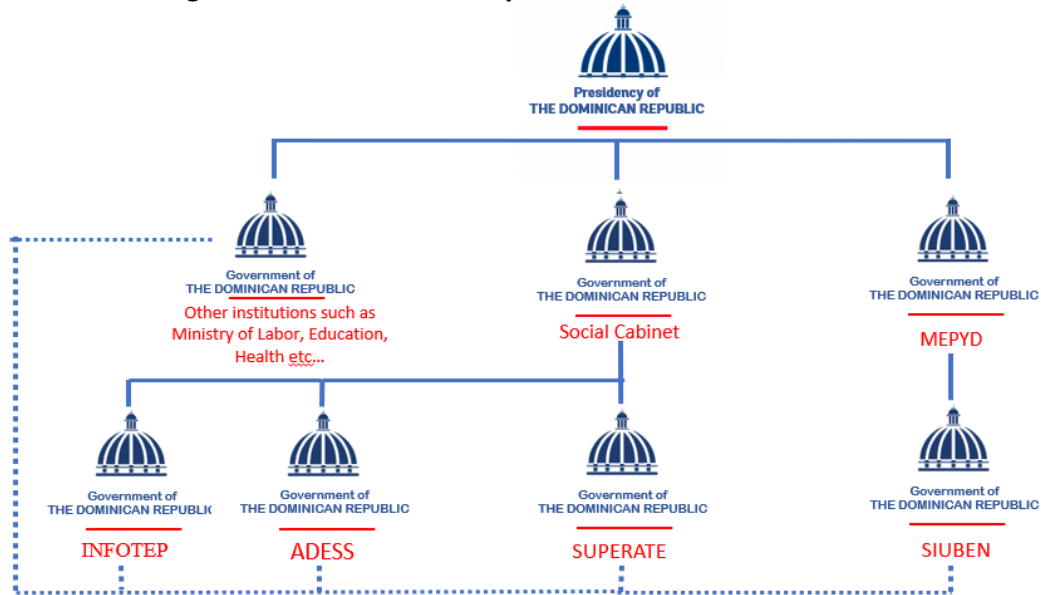
ANNEX 1: Implementation Arrangements and Support Plan

COUNTRY: Dominican Republic
Integrated Social Protection Inclusion and Resilience Project (INSPIRE)

A. Institutional and Implementation Arrangements

1. The institutional delivery architecture of non-contributory Social Protection (SP) benefits and services is led by SUPERATE (the Anti-poverty Strategy and Cash Transfer Program) and includes other agencies and the agency which coordinates social policies, the Social Cabinet (SC). Over the past two decades, CTs have been implemented through this architecture (see Figure 1) with responsibilities given to each of the following entities: (i) The Ministry of Education (MINERD) and the Ministry of Health that monitor compliance with co-responsibilities, and the Ministry of Labor that delivers labor intermediation services; (ii) the SP Network (Red de Protección Social) that is in charge of SP policies and delivery of SP services; and (iii) the Ministry of Economy, Planning and Development (MEPYD) that is in charge of policies on human capital, growth, and development. The SP Network is, at the same time, composed of the following entities: (i) the SC in charge of coordinating entity for non-contributory SP policies and programs and guiding social policies; (ii) SUPERATE in charge of delivery of cash transfers and other services; (iii) the Social Subsidies Administrator (ADESS) responsible for paying the beneficiaries of SUPERATE and other social programs and subsidies; (iii) the Single Beneficiary Selection System (Sistema Único de Beneficiarios, SIUBEN responsible for identifying, registering, and classifying families according to their ICV and is the entry point for beneficiaries to be enrolled in social programs; and (iv) the National Institute for Professional Technical Training (Instituto Nacional de Formación Técnica Profesional, INFOTEP) in charge of quality assurance, overseeing, and supervising training programs.

Figure 1. Social Protection System Institutional Architecture



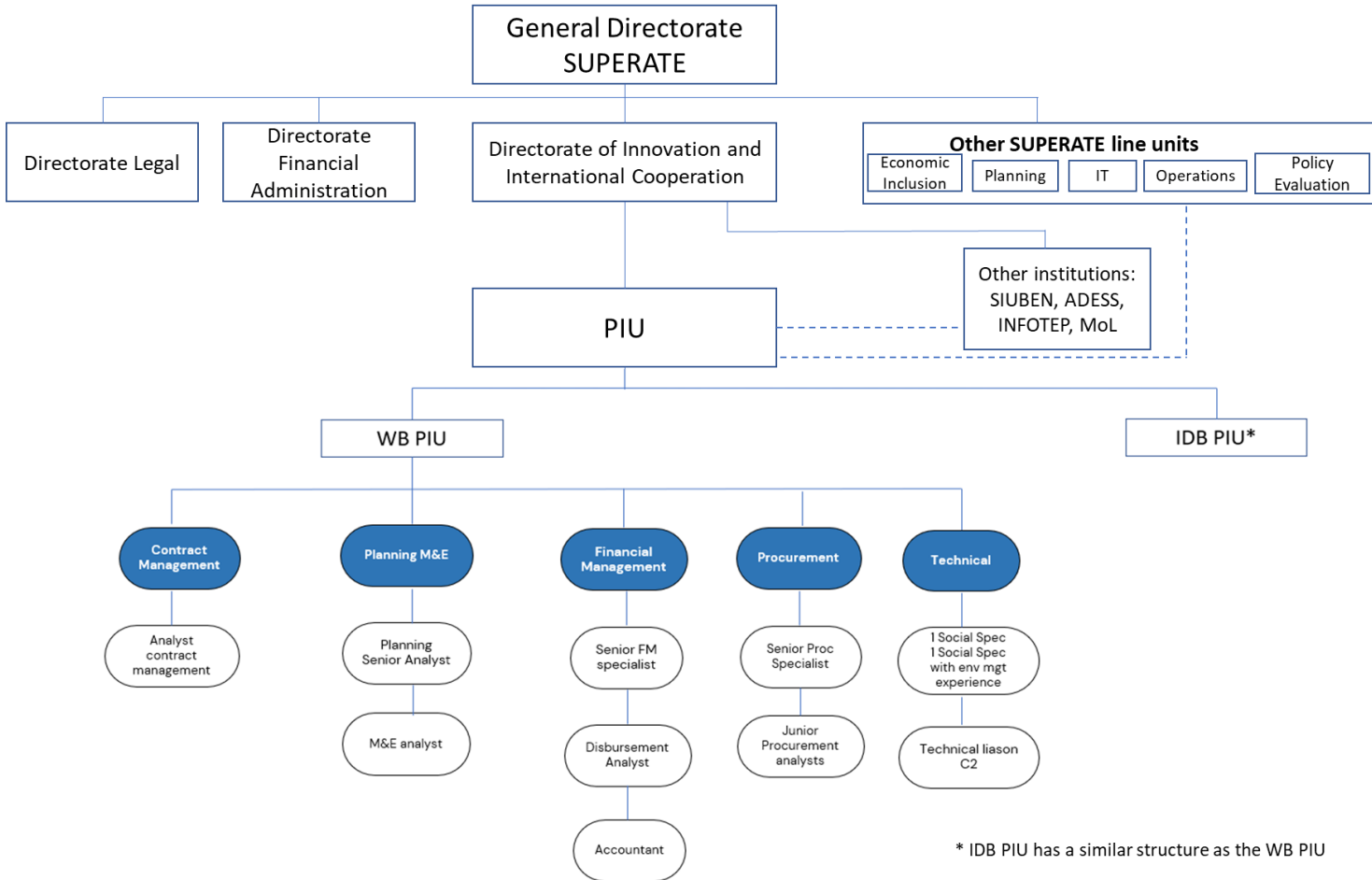


2. **SUPERATE program staff will be responsible for coordination and execution of the Project.** SUPERATE will have a Project Implementation Unit (PIU) in the Directorate of Innovation and International Cooperation, responsible for managing fiduciary tasks, including procurement, financial management, and disbursements, of all external loans and grants. The PIU is already managing an Inter-American Development (IDB) Bank project, and the Bank has found its fiduciary capacity to be adequate to manage the operation. In addition, SUPERATE has relevant experience executing a World Bank-financed project and playing the coordination role with MOL and INFOTEP for training interventions under the economic inclusion component. The PIU will coordinate through the Directorate of Innovation and International Cooperation the implementation of project activities with other SUPERATE line units and with other institutions such as ADESS, SIUBEN, MoL, and INFOTEP, particularly for providing information for monitoring and evaluation.

3. **The PIU is well staffed with an experienced Coordinator, and Technical, Procurement, and Financial Management teams for the purpose of this Project (see Figure 2).** However, installed capacity to manage social and environmental risks is limited. The SUPERATE PIU will procure all goods, works, non-consulting services, consulting services and trainings. SUPERATE will hire additional dedicated staff for the World Bank project on procurement, social and environmental management, and financial management. SUPERATE will hire or appoint, as applicable, no later than four (4) months after the Effective Date, the following additional staff as part of the PIU: a Project Coordinator, a financial management specialist, a procurement specialist, and a social specialist, all with qualifications, experience, and terms of reference satisfactory to the Bank. Likewise, SUPERATE will hire or appoint, no later than six (6) months after the Effective Date, the following additional staff: a contract management specialist, a monitoring and evaluation specialist, a strategic planning specialist, and either another social specialist or an environmental specialist, as further set forth in the POM. In addition, the PIU will be strengthened with other staff dedicated to support project implementation as set forth in the POM, inter alia, 1 Monitoring and Evaluation Specialist, 4 FM Specialists/Analysts, 4 Procurement Specialists/Analysts, and 3 staff in supporting back-office functions (receptionist, driver, and messenger). The World Bank will provide annual trainings to PIU staff on the ESF instruments and processes, with a special emphasis on e-wastes and engagement with vulnerable populations; workshops with participating institutions on the dissemination of the GRM, and guidance on engagement with vulnerable groups. These activities are established in the project budget for the implementation of the ESMF and SEP. The Project will ensure that all participating institutions will benefit from training and technical assistance for capacity building for managing Environmental and Social risks and impacts.



FIGURE 2. Workflow Across the Units Responsible for Project Implementation



\* IDB PIU has a similar structure as the WB PIU

4. **Component 1** will finance expenditures associated with the CCTs<sup>50</sup> for food security (*Alimentate*) and the UCT (*Bono de Emergencia*) triggered by the occurrence of a climate-related shock. The project will reimburse audited transfers for the CCTs. The UCT under the *Bono de Emergencia* will follow the rules set out in the Operational Guidelines of the *Bono de Emergencia* currently under preparation. The POM will include the operational guidelines and audit mechanisms for this Component. The Bank will reimbursement of funds utilized by the Borrower to pay *Alimentate* and the *Bono de Emergencia* CTs, subject to the Borrower contracting an independent technical verification agent and said agent submitting a report verifying that transfers to Eligible Households were carried out in accordance with the Loan Agreement and the POM, and acceptable to the Bank. The Terms of Reference for these technical verifications will be part of the POM. The funds will be disbursed through direct payment to a national treasury account in the Ministry of Finance. Payments will be delivered through ADESS.

<sup>50</sup> For the implementation period of this Project, the CTs will be financed with national resources. In year 2022 the Inter-American Development Bank- IDB contributed around 14 percent of the total cost of the CTs. In year 2024, the World Bank though this Project will recognize expenditures incurred by SUPERATE for around 10 percent of the total cost of the 2023-CTs.



5. **Component 2** will be implemented by the SUPERATE PIU in collaboration with the MoL and INFOTEP. The SUPERATE PIU will provide overall coordination and oversight, develop educational and communication materials to be used for the orientation and mentoring of program participants and will contract and manage service providers. MoL will be responsible for providing labor intermediation services to assist job seekers to find employment. INFOTEP will be responsible for defining the requirements for technical training, selecting training centers and quality assurance. Training of beneficiaries will be done by private providers. The interventions supported by MoL and INFOTEP will be bundled and costed as part of a package (output) offered per beneficiary. Inter-agency agreements will be signed by SUPERATE with MoL and INFOTEP to establish their roles and responsibilities and the compensation for their operating costs incurred for Project activities. The contracts for training providers will be results-based with incentives for good performance, as described in the POM. SUPERATE has experience in implementing similar World-Bank-financed projects and has incorporated past operational features and lessons learned into this Project's operational design (see Box 1 below).



**Box 1. Description of key features of operational processes of the PROSOLI Youth Program**

**The World-Bank-financed project, “Integrated Social Protection and Promotion Project”, P147213, was implemented by the Social Cabinet to support the PROSOLI Youth Program during the period 2015-2022.** Under Sub-Component 1.3. *Increase access of eligible Conditional Cash Transfer users to productive opportunities*, the Project aimed at increasing the employability of young women and men (ages 18-29 years) in extremely poor and moderately poor PROSOLI households through two main series of activities: (i) the carrying out of technical, vocational and life skills training courses and provision of apprenticeships; and (ii) the carrying out of periodic diagnostics of employers’ training needs and training for the Eligible Training Providers. PROSOLI (the former name of SUPERATE, the Cash Transfer Program) was the technically responsible unit of carrying out the activities related to this sub-component, although for this Project the Social Cabinet was the fiduciary responsible unit. Implementation benefitted from existing good practice and lessons learned from the former Bank-supported Youth Development Project (7371-DO), including, among others, competitive selection of training providers (COS) and focus on employers’ needs. These youth employability activities were implemented through a partnership between the National Training Institution (INFOTEP) and the Social Cabinet/PROSOLI. Finally, this Sub-Component financed technical assistance and capacity-building to enhance the knowledge and capacity of PROSOLI to link extremely and moderately poor households to income-generating opportunities through self-employment.

**Key features and operating processes of this Sub-Component.** The Project comprised in-classroom training and on-the-job learning through internships at private firms. The training course includes a Life Skills Training Course (LSTC) and a Vocational Technical Training Course (VTTC). Both components are taught by the Private Training Providers (COS), which were regulated and supervised by the INFOTEP (National Training Institution). The COS were competitively selected through a bidding process launched by the Social Cabinet. The operating costs incurred by INFOTEP were reimbursed by Social Cabinet for the evaluation of proposals and supervision of training course delivery. The COS were responsible for delivering the training courses and identifying vacancies at private firms for beneficiaries to participate in two-month internships. The competitive selection process was defined in the operational manual of the Project, including the payment schedule and accountability scheme. The beneficiaries were selected by PROSOLI, using a first selection of the eligible households, grouping by the smallest geographical unit available, and performing a random selection and classification in as many segments as necessary for the bidding process. Selected households were notified by the Family Liaison, who communicated the course options available for that specific round of the training program. Households were responsible for communicating which qualifying member (18-29 years) would be attending the course as well as the chosen VTTC. The household must also inform the Social Cabinet about the beneficiary's bank account information, which was used for the stipend during the internship. The Family Liaison, jointly with the Social Cabinet's UTP, opened bank accounts for those beneficiaries that did not have one at enrollment time. Once the information was collected, PROSOLI matched beneficiaries to training courses.

**The Social Cabinet/PROSOLI were responsible for the implementation of the training program and entered into an interinstitutional agreement with INFOTEP.** Under special circumstances, INFOTEP and the PROSOLI COS delivered courses directly and Social Cabinet reimbursed operating costs. The inter-institutional agreement established payment schemes and amount between Social Cabinet and INFOTEP for services monitoring and evaluation, as well as the supporting documentation that had to be approved by PROSOLI. PROSOLI communicated to INFOTEP once a year, the course content to be included in the bidding documents as well as information on the geographic distribution of the courses to be competitively selected. The Social Cabinet launched the bidding process to competitively select COS. The COS submitted to INFOTEP proposals to enter the bidding process and be selected, sign a contract with Social Cabinet's UTP for the provision of training courses during the in-class phase, as well as assigning beneficiaries to firms during the internship phase. INFOTEP received COS' proposals, evaluated and recommended to the Social Cabinet/PROSOLI; and during course delivery, INFOTEP monitored course delivery and internships. The Social Cabinet made payments to COS against course delivery according to the arrangements set forth in the contract between these parties. Finally, INFOTEP was responsible for supervising implementation during in class and on-the-job-phases. The Social Cabinet/ PROSOLI validated and paid youth the stipends during the training and the internships. Overall, PROSOLI was in charge of all technical aspects for the implementation of this sub-component and was the unit approving the product and services of INFOTEP and the COS to process payments.



6. **Component 3** will support investments to improve service delivery of SUPERATE programs and strengthening of SIUBEN and ADESS. SUPERATE will be the fiduciary unit responsible for all activities under this component managing funds and signing interinstitutional agreements with SIUBEN and ADESS to implement the activities under their technical guidance.

7. **Component 4** will finance the PIU and its operational costs to manage the Project. The PIU will manage bidding processes and funds. A POM will be completed as an effectiveness condition, outlining the fiduciary and technical processes and procedures to be used for the Project along with the roles and responsibilities of all actors. Component 5 will be implemented according to the standard CERC Manual.

## **B. Results Monitoring and Evaluation Arrangements**

8. **The PIU will have overall responsibility for monitoring and evaluation.** The PIU will consolidate monitoring reports on a semi-annual basis on the Project's implementation progress, with support from SIUBEN, ADESS, and other partners such as INFOTEP and MoL that will provide key updates related to monitoring and evaluation. The PIU will submit project reports 45 days after the end of each calendar semester. The monitoring and evaluation responsibilities of each entity will be detailed in the POM and reflected in the interinstitutional agreements.

## **C. Fiduciary**

### **Financial Management**

9. **Financial Management (FM) Assessment.** A FM Assessment was carried out by the World Bank Staff.<sup>51</sup> The conclusion is that SUPERATE's proposed FM arrangements, after satisfactory implementation of the time-bound action plan, are acceptable to the World Bank. The proposed FM arrangements are designed to adequately support project implementation, properly record all transactions and balances, implement adequate internal controls, support the preparation of regular and reliable project financial statements, safeguard the Project's assets and, will be subject to acceptable auditing arrangements. The PIU is currently managing an IDB Bank project and additional dedicated staff will be hired for handling the World Bank project FM function.

10. **The FM risk for this project is assessed as Moderate based on the following considerations.** The PIU already manages external funded projects with similarities in terms of design, content and objectives. However, CTs under Component 1 as well as payments for stipends under Component 2.2 and 2.3 and the fact that the PIU manages funds of other sources pose a Moderate element of FM risk. Another element of FM risk is related to the potential lack of sufficient FM capacity to handle the additional workload, thus, undermining the PIU's ability to maintain acceptable FM arrangements.

11. **In order to manage and mitigate the identified FM risks, key measures were defined in the following time-bound action plan:** (i) the fiduciary unit in SUPERATE will be strengthened with staff dedicated to the World Bank-financed project; (ii) special arrangements will be agreed and set out in the POM in terms of funds flow and monitoring of CTs to beneficiaries including control measures to ensure consistency and accuracy of the

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<sup>51</sup> In accordance with the Investment Project Financing and World Bank Directive: Investment Project Financing and the Financial Management Manual for World Bank (Bank)-Financed Investment Operations (effective March 1, 2010, and revised September 7, 2021).





beneficiaries’ database and the CTs payment system under Component 1; (iii) an independent technical verification agent will be hired to verify that payments of transfers to Eligible Households was carried out in accordance with terms of reference set forth in the Loan Agreement and in the POM, and a report will be submitted to the Bank before requesting for reimbursements of CT transfers paid out with government funds; (iv) specific procedures on eligibility criteria for stipends under Component 2 will be included in the POM; (v) the actions necessary for planning and recording the Project’s budget in the annual budget law will be carried out; (vi) a tailored chart of accounts, the format and contents of financial reports including interim financial reports (IFR) and annual statements, in accordance with Project needs, that are to be generated by the Financial Management System (SIGEF/UEPEX), will be designed and developed, approved by the World Bank and incorporated in the POM; and (vii) hiring an eligible external audit firm to perform annual financial audits with the audit terms of reference to include a requirement for the auditors to issue an opinion stating that payments of the Project’s eligible expenditures have not been financed by another external financing source. Close coordination with other development partners and government units will be needed to clearly define the financing boundaries for the activities and staff related to the execution, monitoring, and evaluation of the overall program to be reflected in the programs budget.

**Table 1: Time-Bound Action Plan**

Description of Action/Condition	By When
1. SUPERATE appoints qualified and experienced FM staff to the Project and PIU’s structure as agreed: assigning at least 1 Financial Management Specialist.	Within 4 months of effectiveness
2. SUPERATE prepares a specific section in the POM, including (i) FM and flow of funds arrangements to be applied under the project; (ii) fund flows and monitoring controls over CTs, and (iii) specific procedures on eligibility criteria for stipends.	By effectiveness
3. SUPERATE validates by an independent third-party compliance with the eligibility criteria on CTs under Component 1 before requesting reimbursement to the World Bank.	Before submitting a reimbursement request containing CTs under Component 1
4. SUPERATE prepares and record the budget in the annual budget law.	Within 3 months of effectiveness
5. SUPERATE prepares Chart of accounts and contents and format of IFRS, generated from SIGEF/UEPEX.	Within 3 months of effectiveness
6. External auditors to be contracted by SUPERATE	Within 4 months of effectiveness

**Financial Management Arrangements**

12. **Organization and Staffing.** SUPERATE is managing an IDB project and additional dedicated staff for the World Bank project on financial management will be hired. Staff mapped to SUPERATE will collaborate with project’s activities until FM staffing is reinforced by hiring a financial management specialist with relevant accounting and financial experience with externally financed operations. The new FM professional will be working full-time on the project’s FM, to ensure that the project’s fiduciary obligations are met, transactions are valid,



accurate and completely captured, and will be the main counterpart to the World Bank regarding FM and disbursement issues.

13. **Budgeting arrangements.** SUPERATE will be responsible for the project's annual budget programming, implementation, and evaluation activities. The Project's annual budget will follow the government budget structure and procedures, including a classification of Project components/subcomponents/activities. The PIU will monitor the project's budget using the SIGEF/UEPEX module. SUPERATE will also plan project disbursements, and control fund transfers and budgetary modifications according to the Annual Operational Plan and Procurement Plan during the year. In this regard, after the Loan is approved by the Congress, SUPERATE will need to submit a budget allocation request for the Project. Modifications to the annual budget bill in the DR are passed by the Congress once a year, usually during the second semester of the fiscal year.

14. **Accounting system.** The DR's Government Financial Management Information System (SIGEF, for its acronym in Spanish) is an automated modular tool that serves as the instrument to facilitate compliance with the purposes of the State Financial Administration System (*SIGEF – Sistema de Administración Financiera del Estado*). SIGEF began operations in 2004, has been improved in phases and now provides capabilities for modern treasury management, including features to record and control commitments, process payments, account for cash and accrual transactions, and prepare financial statements. SIGEF has a module to execute projects with external financing called SIGEF/UEPEX which has embedded controls providing for efficiency and transparency in the management of external financing funds. The SIGEF/UEPEX system provides a good ex-ante internal control framework, and it is considered adequate for accounting purposes.

15. **National accounting standards will be used for maintaining the project's accounting records.** Project transactions will be booked through entries made in the government system SIGEF/UEPEX, using a tailored chart of accounts to allow recording and reporting within SIGEF/UEPEX according to project needs and documented in the POM. Government accounting is on an accrual basis, thus and if possible, UEPEX reports will follow this policy, otherwise cash basis reporting is acceptable to the World Bank.

16. **Financial Reporting.** The project proposed arrangements will use Cash Basis Accounting for the preparation of semi-annual interim financial reports (IFR) and annual financial statements. IFRs should specify sources and uses of funds, reconciling items (as needed) as well as initial and year-end cash balances, with expenditures classified by component and by disbursement category; and a statement of investments reporting the current semester and the accumulated operations against ongoing plans and footnotes explaining the important variances.

17. **IFRs will be prepared on a fiscal semester basis and will be submitted to the World Bank no later than 45 days after the end of each calendar semester.** These reports will be prepared in US dollars. Reports formats have been shared and agreed with the PIU and will be incorporated in the POM.

18. **Internal control and Internal Auditing.** The internal control environment to be used for the Project is anchored in the country's legal and institutional framework.<sup>52</sup> The internal approval processes and systems allow for a reasonable segregation of duties between the various stages of the expenditure cycle, including purchase orders, receipt and verification of services rendered, requests for payment and the custody of purchased goods.

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<sup>52</sup> Law 10-07 of January 8, 2007, establishes the National System of Internal Control and the Comptroller General of the Republic and Decree No. 491-07 of August 30, 2007, which approves the Regulations for the Application of Law 10-07.



The process flows appear to be well understood by SUPERATE personnel. The process relevant to the project will be included in a POM. The POM will be prepared and implemented by the PIU describing among others, the specific FM arrangements in terms of funds flow and monitoring controls over CTs to beneficiaries including control measures to ensure consistency and accuracy of the beneficiaries' database and CTs payment system under Component 1. The POM will also include specific procedures on eligibility criteria for stipends to be financed under Component 2 and a section describing a reimbursement mechanism to INFOTEP for operating costs incurred for projects activities calculated based on unitary costs to be revised on an annual basis.

19. **Internal audits.** The Comptroller General of the Republic (*Contraloría General de la República*, CGR) is the governing body of the DR Internal Control System. It is mandated by the Constitution to conduct ex-ante control and ex-post audits across central government, decentralized agencies, and public corporations, including SUPERATE. The Internal Audit Units (IAUs) reporting to CGR are responsible for verifying the control, compliance with standards, procedures and applicable laws of the institution's financial processes and fund management. IAUs perform ex ante control of payments: no payment for goods or services is made in the public sector without ex ante approval of these units. Activities implemented under SUPERATE IAU could be considered as part of the scope of the IAU annual operational plan for the FY 2023 and reports issued by this unit will be reviewed by World Bank staff during regular supervision missions.

20. **External audit.** Project annual financial statements will be audited in accordance with World Bank policy, under terms of reference and by an independent auditor acceptable to the World Bank. The financial audit terms of reference will include a requirement for the auditors to determine whether payments of project's eligible expenditures contracts have been financed by another external financing source. Project annual audited financial statements will be submitted to the World Bank up to six months after the end of the audited period. Audit reports will be tagged as publicly disclosable in World Bank records and posted in its institutional portals upon receipt, to comply with World Bank policy. The World Bank also requires that the Government of the DR discloses the audit report to the public.

21. **Disbursements and Flow of Funds.** The main disbursement method to be used for the project is the Advance method (except for the CTs under component 1). Project funds will be advanced into a designated dedicated account in dollars opened at the Central Bank to be managed by SUPERATE. In addition, an account will be established under the Treasury Single Account (TSA) concept in local currency for making payments of project eligible expenditures. The PIU will use Statement of Expenditures (SOE) in a format agreed with the World Bank to document eligible expenditures paid from advances to the designated account for goods, works, non-consulting services, consulting services, training and operating costs (except for INFOTEP's costs). The reimbursement and direct payment methods will also be available for the Project and included in the Disbursement and Financial Information Letter. A customized SOE will be used for documenting expenditures under the CTs component 1, INFOTEP's operating costs and stipends under component 2. Requests for reimbursements of CTs will be submitted subject to receiving the technical verification reports conducted by an independent third party acceptable to the World Bank.

22. **FM supervision.** In accordance with the assessed Moderate FM risk, FM implementation support will include on-site and off-site supervision. On-site missions will be carried out at least twice a year during the first year of project implementation and later calibrated following assessed risk and project performance. Off-site implementation support will comprise desk reviews of interim financial reports and audited financial statements and ad-hoc support through email, video and phone calls as needed.



**(ii) Procurement**

23. **Procurement Arrangements:** Procurement will be carried out in accordance with the World Bank’s Procurement Regulations for Investment Project Financing (IPF) Borrowers dated November 2020 and World Bank’s Anticorruption Guidelines, dated October 15, 2006 (revised January 2011 and July 1, 2016). The Project will use the Systematic Tracking of Exchanges in Procurement (STEP) to plan, record, and track procurement transactions. The World Bank performed during project preparation, specifically from September 2022 to November 2022, a Procurement Assessment to evaluate the capacity of SUPERATE to implement procurement activities under the Project. Capacity within SUPERATE was deemed to be adequate for project implementation. The PIU will be staffed with a full-time procurement specialist with relevant experience in World Bank Procurement Regulations.

24. **A Project Procurement Strategies for Development (PPSD) and Procurement Plan will be prepared for the first 18 months of the Project and will be updated as needed.** A Project Procurement Strategy Development (PPSD) and a Procurement Plan (PP) for the first 18 months of the Program will be prepared by the executing agency. It will provide the basis for procurement methods and contract arrangements and will be agreed with the World Bank during negotiations. This PP and PSD will be available on the World Bank’s external website and in STEP or any other system agreed with the World Bank. The Procurement Plan will be updated through STEP in agreement with the World Bank as necessary to reflect actual implementation needs to achieve the project development objectives. The World Bank will carry out the Post Reviews process on an annual basis with a sample selected from STEP. The procurement risk rate will be adjusted periodically during project implementation based on the agency's performance. The World Bank will also carry out procurement support missions on a semiannual basis. SUPERATE shall (i) upload all procurement and contract information in the STEP system, which will be used to provide the World Bank with a consolidated list of all contracts for works, goods, trainings, non-consulting services and consulting services awarded under the project; and (ii) maintain STEP up to date with all the documentations generated in each of the processes carried out.

**D. Strategy for Implementation Support**

25. **A core World Bank technical team, including a task team leaders (TTLs) will provide hands-on support to implementing agencies and coordinate with development partners (Table 2).** The World Bank project team will carry out at least two annual implementation support missions, either in-person or virtually. Technical Missions will be carried out by technical team members as needed and led/supervised either in person or virtually by TTLs. In addition, local procurement staff will provide ongoing support and technical assistance.

**Table 2. Implementation Support Team**

<b>Role</b>	<b>Staff Weeks Per Year</b>
Task Team Leader	14
Co-Task Team Leader	14
Social Development Specialist	4
Environmental Specialist	2
Procurement Specialist	6
Financial Management Specialist	6
Economists	14



<b>Role</b>	<b>Staff Weeks Per Year</b>
Technical Consultants	10
Operational Consultants (local)	14

26. **Mid-term Review will be carried out, at the latest, 36 months after the project's effectiveness.** The review will assess in detail the progress toward meeting the PDOs as measured by the key performance indicators, as well as assess progress in the institutional and policy development areas that are supported by the project.



## ANNEX 2: Economic and Financial Analysis

### COUNTRY: Dominican Republic Integrated Social Protection Inclusion and Resilience Project (INSPIRE)

#### 1. Introduction

1. **This annex presents the economic analysis of the proposed Integrated Social Protection and Resilience Project (P179440).** It was conceived to increase the efficiency of integrated social protection services and to promote economic inclusion and access to shock-responsive assistance, including climate shocks, for the poor and extreme poor, and in case of an Eligible Crisis or Emergency, respond promptly and effectively to it. To achieve this goal, the Project focuses on cash transfers (CT) provided under the SUPERATE components for food security and nutrition (*Alimentate*), and for emergency response (*Bono de Emergencia*) for climate shocks. Economic inclusion is defined as labor market insertion and entrepreneurship opportunities for the poor and extreme poor.

2. **The results from the economic analysis indicate that project benefits are positive, with a Net Present Value (NPV) of US\$4.5 million.** The economic analysis uses survey and administrative data from the Dominican Republic (DR) and the literature on the impacts of similar programs to assess the costs and benefits of the interventions to be implemented. While the Project was structured around five components, the economic analysis only assesses the combined benefits of the sub-components 1.1, 2.2 and 3.3, accounting for 74 percent of the project resources. The benefits of project activities implemented under other sub-components, as well as components 4 to 5 are not amenable to quantify, the analysis discusses anticipated benefits without precisely estimating them. The estimate of the total NPV of the Project is therefore a conservative one. Further, the main conclusions from the economic analysis are robust to a range of assumption and sensitivity checks.

#### 2. Project objectives and key characteristics

3. **Through its components and activities financed with a total budget of US\$100 million, the direct beneficiaries of the Project vary by component.** The SUPERATE program enrolls approximately 1.4 million households, the Project will support 10 percent of the program beneficiaries for one year. The beneficiaries of the economic inclusion component will be current and former CCT beneficiaries in the selected urban municipalities, prioritizing youth and women aged 18 to 35 years old. It is estimated that around 35,000 individuals would participate in the economic inclusion component. An additional 267,542 households will benefit directly from the Project as they will be enrolled for the first time in SIUBEN, of which 134,414 ICV-1 and ICV-2 households are expected to be headed by a woman.

4. **The Project is structured around five complementary components.** (1) Promoting Human Capital and Increased Climate Resilience Against Shocks Through Cash Transfers; (2) Promoting Economic Inclusion of vulnerable youth; (3) Improving the efficiency of the delivery of Integrated Social Protection Services; (4) Project Management and Evaluation; and (5) Contingent Emergency Response Component (CERC).

5. **The economic analysis is based in a five, ten and fifteen-year horizon after the start of the Project.** The investment loan is expected to be approved in 2023 and the cost-benefit analysis in this document is referring to



the next 5, 10 and 15 years following the starting date of the Project.

**3. Assessed components and costs**

6. Description of project components and associated costs are provided as follows.

7. **Component 1: Promoting Human Capital and Increased Resilience against Shocks, including Climate Shocks, through Cash Transfers.** (Sub-component 1.1) The *Alimentate* CTs will be financed in the first year of the Project with loan resources covering 10 percent of total costs and national resources the remainder. The overall program will cover 1,402,088 households. Beneficiary households will receive a total amount of US\$386.64 over 12 months comprised of monthly payments of US\$32.2.

8. **Component 2: Promoting Economic Inclusion of vulnerable youth.** An estimated 35,000 beneficiaries will be eligible to participate in the program SUPERATE mentorships that will assign some of the participant youth to short-term technical skills training and/or paid apprenticeships leading to wage employment (Sub-Component 2.2). The Project includes an end target of 25,000 youth participants who complete the wage employment pathway.

9. **Component 3: Improving the efficiency of the delivery of Integrated Social Protection Services.** To increase the coverage of the SUPERATE CTs, the Project will support first-time-enrollment of all ICV-1 and ICV-2 households who are registered in SIUBEN and do not have access to CTs yet. SUPERATE is in the process of enrolling these households. For the *Aprende* and the *Avanza* components, the Project will support with technical assistance to assess the viability of a parametric reform of the CCT Program to provide incentives for boys and girls to complete secondary education and for girls to delay or postpone early pregnancies and promote higher insertion rates in the labor market (Sub-Component 3.3).

10. **Total project costs are estimated to remain constant throughout project preparation and execution.** The total costs of the Project and breakdown by project component are shown in Table 1 below.

**Table 1: Project costs**

<b>Components / Project stage</b>	<b>Cost (US\$ m) (2023)</b>
<b>Component 1.1</b> Supporting SUPERATE Cash Transfers	50.0
<b>Component 2.2</b> Learning Courses and Apprenticeship for wage employment	15.39
<b>Component 3.3</b> Strengthening of SUPERATE’s capacity to improve service delivery	8.65
<b>TOTAL</b>	<b>74.04</b>

11. **The Project is expected to disburse US\$74.04 million over the course of implementation with peak disbursements to be reached in FY2026.** Project activities and disbursements would pick up from 2024 onwards. Table 2 below displays project disbursements broken down by year.



Table 2: Project disbursements (\$US millions)

Fiscal Year	2023	2024	2025	2026	2027	2028
Annual	0.0	5.1	58.7	7.4	2.9	0.0
Cumulative	0.0	5.1	63.8	71.2	74.0	74.0

12. The present value by 2024 (year of the first disbursement) of the analyzed project costs is estimated at US\$65.4 million. Assuming a 10 percent discount rate.

#### 4. Project benefit estimates

13. This section discusses the benefits to be generated by the different activities executed under the Project. The underlying assumptions and methods used to estimate the benefits associated with the activities undertaken are explained as follows. A reference annual discount rate of 10 percent is used throughout the analysis.<sup>53</sup> The benefits arising from implementation of Components 4 and 5 are not discussed given the multifaceted nature of the activities involved which are not amenable to be quantified.

##### Sub-Component 1.1: Supporting SUPERATE Cash Transfers

14. Sub-Component 1.1: The *Aliméntate* CTs will be financed only once during the Project’s life with loan resources covering 10 percent of total costs of the whole program and national resources the remainder. At appraisal, this sub-component is expected to support for one year a 10 percent of the overall 1,402,088 households. To measure the total PV monetary gains generated by Sub-component 1.1, the economic analysis estimates separately the gains expected from the *Aliméntate* program.

15. Monetary gains from enrollment in the *Aliméntate* program are estimated in two ways: (i) The expected direct impact associated with the increase of food consumption in the beneficiary household and (ii) The indirect impact based on the number of beneficiary households with a female head, *Aliméntate’s* positive impact on female labor force participation and its associated labor earnings. First, the improvement on household food consumption is linked with the monthly cash transfer to be received during the first 12 months through the *Aliméntate* program discounting the transaction costs not perceived by households. Second, based on impact evaluation results,<sup>54</sup> it is assumed that female heads who are CEP (Comer es Primero, renamed as *Aliméntate*) program participants have a 3.3 percentage points higher probability of having worked for a salary. The size of the monetary gains is assumed to be equal to the earnings of individuals working for their own account in the first decile of the income distribution. These income gains are modeled to last for three scenarios 5, 10 and 15 years. Parameters and assumptions are summarized in Table 3.

<sup>53</sup> A sensitivity analysis was performed applying a range of discount rates from 8 to 12: The Project reports net positive benefits since the fifth year after the start of the Project under all the scenarios. The upper bound of 12 percent was used in the ICR for the Social Protection Investment Project (P090010) completed in the Dominican Republic in 2016 and also given by the Dominican Ministry of Finance in its methodological guide for project evaluation. The 8 percent lower bound was selected discretionally.

<sup>54</sup> Gertler et al. (2019). Evaluación de impacto al programa con solidaridad (PROSOLI): evidencia para la innovación en la protección social. Nota de Política. Vicepresidencia de la Republica Dominicana.



**Table 3: Assumptions for calculating the PV gains of sub-component 1.1**

Variable	Value	Source
<i>Panel A: General assumptions and parameters</i>		
Age at which beneficiaries start working	18	WB assumption
Exchange rate, US\$ per LCU (2021)	55	WB MPO (October 2022)
Annual earnings in RD\$ - no education	55,380	ENCFT survey 2021 <sup>55</sup>
Annual earnings in RD\$ - primary education	65,520	ENCFT survey 2021
Annual earnings in RD\$ - secondary education	77,400	ENCFT survey 2021
Employment rate	0.596	ENCFT survey 2021
<i>Panel B: Aliméntate benefit assumptions</i>		
Number of beneficiary households at appraisal	140,209	WB project documents
Percentage of female headed households	0.46	WB project documents
Average transaction cost of the cash transfer	0.00	WB project documents
CEP effect on female employment rate	0.033	Gertler et al. (2019)
Annual earnings working on own account in RD\$	66,000	ENCFT survey 2021 Quintile 1
Annual earnings working on own account in US\$	1,200	WB estimate
Total <i>Aliméntate</i> annual gains in US\$ from 2027 onwards	2,577,363	WB estimate

16. **The economic analysis indicates that sub-component 1.1 is expected to yield substantial positive economic benefits, with a PV of US\$51.3 million at the first 5 years (Table 4).** The CCT program with the largest PV benefits is *Aliméntate* due to the direct increase in consumption plus the positive impact on female labor force participation realized in the medium term.

**Table 4: PV of sub-component 1.1 benefits**

	5 years	10 Years	15 Years
PV benefits (US\$ million)	51.3	58.0	62.1

### Sub-Component 2.2: Learning Courses and Apprenticeship for Wage Employment

17. **For the economic analysis, monetary gains for this sub-component are estimated based on the number of beneficiaries entering the labor market and improving their wages after training.** This sub-component aims at increasing the employability of young women and men (ages 18-35 years) in extremely poor and moderately poor households. It provides a package of technical, vocational and life skills training courses followed by apprenticeships/internships in private firms. At appraisal, the target for this first set of activities is to enroll approximately 35,000 young people.

18. **For the economic analysis, employment gains are estimated based on the number of beneficiaries, experimental evidence on the impact on earnings of a training package evaluated in the past, and the expected duration of the training impact.** The intervention is anticipated to generate a stream of economic benefits arising from increased productivity and employment among participants relative to their peers. The size of the income gain is computed in two ways: (i) by increasing the average annual earnings of working adults for those individuals

<sup>55</sup> Banco Central de la República Dominicana (2022). Encuesta Nacional Continua de Fuerza de Trabajo (ENCFT). Labor market statistics from 2021 are used.



in precarious employment before the intervention and (ii) by imputing the average monthly wage of individuals aged 18-35 years in formal employment in the first quintile of the income distribution on a subset of beneficiaries that become employed as a result of the intervention.<sup>56</sup> Parameters and assumptions are summarized in Table 5.

**Table 5: Assumptions for calculating the PV gains of the employment program**

Variable	Value	Source
Number of beneficiaries at completion	35,000	WB project documents
Number of years to reach the total beneficiaries	5	WB project documents
Share of participants who complete the wage employment pathway	0.71	WB project documents
Share of potential beneficiaries with employment	0.64 <sup>57</sup>	ECNFT 2021
Share of beneficiaries getting a job (previously unemployed)	0.036 <sup>58</sup>	ECNFT 2021
Increase of monthly wages for enrolled beneficiaries	0.1	WB (Impact evaluation - Card et al. (2011))
Annual wage of youth population (18-35 years old) (RD\$)	104,580	ECNFT 2021
Experimental impact of intervention on monthly salary (RD\$)	871.5	WB estimation based on Card et al.
Total program annual training benefit in US\$ - at year 5	3,068,803	WB estimate

19. **The economic analysis indicates that sub-component 2.2 is expected to yield positive economic benefits, with a PV of US\$13.2 million at the first 5 years.** Based on a 10-year impact duration indicate that, on average, the program's PV per participant is expected to be produce US\$25.5 million (Table 6). Even if benefits last only two or five years, the training intervention provided under this sub-component is expected to generate important gains for participants in the long term.

**Table 6: PV of sub-component 2.2 benefits**

	5 years	10 Years	15 Years
PV benefits (US\$ million)	13.2	25.5	37.9

**Sub-Component 3.3: Strengthening of SUPERATE’s Capacity to Improve Service Delivery**

20. **Monetary gains from inclusion in the Avanza CCT secondary schooling benefit are estimated following this approach.** Based on impact evaluation of the BEEP program<sup>59</sup> and literature review<sup>60</sup>, the economic analysis

<sup>56</sup> The imputed values were computed using the ECNFT 2021.

<sup>57</sup> The Impact evaluation by Card et al. (2011) shows no evidence on employment but an average 10 percent higher wages for those beneficiaries with an employment before the intervention. We use the observed employment rate of the target population as a proxy to identify the potential beneficiaries of salary increases.

<sup>58</sup> Based on the unemployment rate within the eligible population. The analysis assumes that 50 percent of unemployed beneficiaries get a job after the intervention.

<sup>59</sup> Gertler et al. (2019). Evaluación de impacto al programa con solidaridad (PROSOLI): evidencia para la innovación en la protección social. Nota de Política. Vicepresidencia de la Republica Dominicana.

<sup>60</sup> Millán, T. M., Barham, T., Macours, K., Maluccio, J. A., & Stampini, M. (2019). Long-term impacts of conditional cash transfers: review of the evidence. The World Bank Research Observer, 34(1), 119-159.



assumes increases in secondary education. According to the forthcoming Poverty Assessment for the DR *completion* rates increased by 14 percentage points compared to the counterfactual that were not exposed to the BEEP program, this would lead to an increase on annual expected earnings of around 2.5 percent due to increases in the probability of being employed and formalization attributed to higher human capital accumulation. It is also assumed that the Avanza beneficiary is 14 years old on average and that income benefits are obtained at 18 years old.

21. The number of beneficiaries is calculated using 267,542 new households that would benefit from the SUPERATE program that never received a cash transfer in the past. Around 50 percent of households has potential beneficiaries of the Avanza program and is expected that the program covers around 20 percent of those. Income benefits are assumed to accrue every year from age 18 and for 40 years after which individuals exit the labor force. Parameters and assumptions are summarized in Table 7.

**Table 7: Assumptions for calculating the PV gains of the employment program**

Variable	Value	Source
Number of new beneficiary households in SUPERATE	267,542	WB project documents
Share of beneficiary households with Avanza y <i>Aprende</i> population targets	0.5	WB project documents
Number of beneficiaries <i>Aprende</i>	48,163	WB project documents
Number of beneficiaries <i>Avanza</i>	48,163	Unemployment rate for eligible population - ECNFT 2021
Increase in completion rate (secondary)	0.142	
Increase in expected annual earnings	0,025	WB (Impact evaluation PROSOLI)
Annual wage of youth population (18-35 years old) (RD\$)	104,580	ECNFT 2021
Annual monetary gains per beneficiary entering the labor market in RD\$	2,615	WB estimate
Annual monetary gains per beneficiary entering the labor market in US\$	48	WB estimate
Total program annual training benefit in US\$ - at year 5	2,289,492	WB estimate

22. **The economic analysis indicates that sub-component 3.3 is expected to yield positive economic benefits, with a PV of US\$5.4 million at the first 5 years of the intervention.** Based on a 10-year impact duration indicate that, on average, the program's PV per participant is expected to be equal to US\$11.3 million (Table 8).

**Table 8: PV of sub-component 3.3 benefits**

	5 years	10 Years	15 Years
PV benefits (US\$ million)	5.4	11.3	15.0



### Components 4 and 5

23. **Activities executed under Components 4 and 5 are anticipated to produce important gains in terms of program cost-effectiveness and service quality.** Social registry updating and modernization as well as improved connectivity of information management systems will improve targeting going forward, i.e., reduce inclusion and exclusion errors. It will also increase the administrative capacity of the PROSOLI program. Combined with enhanced PROSOLI operational capacity and coordination at the local level, these outputs will lead to more efficient expenditures and higher cost-effectiveness in the short to medium term. The introduction of better citizen feedback mechanisms will strengthen accountability, service quality and the performance in public service delivery. Lastly, the set of technical assistance and capacity-building activities supported by the Project should promote innovations in social protection policy and the design of new interventions providing tailored benefits to population in needs.

### 5. Total net present value and economic rate of return

#### Main NPV

24. **The total NPV of the Project is estimated at US\$4.5 million during the first 5 years since the start of the Project.** Having calculated the PV of costs and benefits of the different components above, it is possible to estimate the total NPV. Table 9 displays estimates at different stages of the project life cycle. These figures are computed by adding together the PV estimates of benefits discussed above and subtracting project costs.

**Table 9: Total Project NPV**

	Total Costs PV (US\$ m)	Total Benefits PV (US\$ m)			Net PV (US\$ m)		
		5 Years	10 Years	15 Years	5 Years	10 Years	15 Years
<b>Subcomponent 1.1</b>	41.3	51.3	58.0	62.1	<b>10.0</b>	<b>16.6</b>	<b>20.8</b>
<b>Subcomponent 2.2</b>	15.4	13.2	25.5	37.9	<b>(2.2)</b>	<b>10.1</b>	<b>22.5</b>
<b>Subcomponent 3.3</b>	8.6	5.4	11.3	15.0	<b>(3.3)</b>	<b>2.6</b>	<b>6.3</b>
<b>Total</b>	65.4	69.8	94.7	114.9	<b>4.5</b>	<b>29.4</b>	<b>49.6</b>

### 6. Conclusion

25. The ex-post economic analysis was carried out taking into consideration the costs associated with the Project and anticipated economic benefits based on the actual number of beneficiaries and expected gains relative to counterfactual peers. Potential positive externalities and spillovers from the Project on the country’s economic and productivity growth, human capital accumulation, and social cohesion are not considered. It is therefore likely that the Project’s NPV is higher than reported. Despite conservative benefit estimates, the main conclusions of the economic analysis are robust to several sensitivity tests.