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Report No: PAD1070

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED LOAN

IN THE AMOUNT OF US\$75 MILLION

TO THE

DOMINICAN REPUBLIC

FOR AN

INTEGRATED SOCIAL PROTECTION AND PROMOTION PROJECT

February 10, 2015

Social Protection and Labor Global Practice
Caribbean Country Management Unit
Latin America and Caribbean Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective June 13, 2014)

Currency Unit = Dominican Peso
RD\$ 43 = US\$1

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

| | |
|---------|---|
| ADESS | <i>Administradora de Subsidios Sociales</i> (Social Subsidies Administration Unit) |
| BEEP | <i>Bono Escolar Estudiando Progreso</i> (School Bonus Progress through Study) |
| CAP | Computer Assisted Interviewing |
| CCT | Conditional Cash Transfer |
| CEP | <i>Comer es Primero</i> (Food First) |
| CRCs | Community Report Cards (or <i>Reportes Comunitarios</i>) of PROSOLI |
| COS | <i>Centros Operativos del Sistema</i> (Local private sector training institutions) |
| CPS | Country Partnership Strategy |
| CRM | Customer Management System |
| DR | Dominican Republic |
| FFF | Food, Fuel, and Financial |
| GCPS | <i>Gabinete de Coordinación de Política Social</i> (Office for Social Policy Coordination (commonly abbreviated as Social Cabinet)) |
| GDP | Gross Domestic Product |
| GoDR | Government of the Dominican Republic |
| IADB | Inter-American Development Bank |
| ILAE | <i>Incentivo a la Asistencia Escolar</i> (School Attendance Incentive) |
| INFOTEP | <i>Instituto Nacional de Formación Técnico Profesional</i> (National Institute for Professional Technical Training) |
| LCR | Latin America and Caribbean Region |
| LO | Local Organization |
| MEPyD | <i>Ministerio de Economía, Planeación y Desarrollo</i> (Ministry of Economy, Planning, and Development) |
| M&E | Monitoring and Evaluation |
| NDS | National Development Strategy |
| NGO | Non-Governmental Organization |
| OBA | Output-based Aid |
| PDA | Personal Digital Assistants |
| PDO | Project Development Objective |
| PARSS | Health Sector Reform Adaptable Program Loan |
| PEFA | Public Expenditure and Financial Accountability |
| PFM | Public Financial Management |
| P-RAMS | Procurement Risk Assessment and Management System |
| PROSOLI | <i>Progresando con Solidaridad</i> (CCT <i>Solidaridad</i> Program) |
| RD\$ | Dominican <i>Peso</i> |

| | |
|--------|--|
| SENASA | <i>Seguro Nacional de Salud</i> (National Health Care System) |
| SEPA | System for the Execution of Procurement Plans |
| SIME | <i>Sistema de Monitoreo y Evaluación de Solidaridad</i> (<i>Solidaridad</i> Monitoring and Evaluation System) |
| SIUBEN | <i>Sistema Unico de Beneficiarios</i> (Single Beneficiary Selection System) |
| SMS | Short Message Service |
| TA | Technical Assistance |
| UAP | <i>Unidad Administradora de Proyectos</i> (Project Administration Unit) |
| UNAP | <i>Unidad de Atención Primaria</i> (Primary Health Care Unit) |
| UNDP | United Nations Development Programme |
| UTP | <i>Unidad Técnica de Proyectos</i> (Social Cabinet's Projects Technical Unit) |
| WBG | World Bank Group |

| | |
|----------------------------------|-----------------|
| Regional Vice President: | Jorge Familiar |
| Country Director: | Sophie Sirtaine |
| Senior Global Practice Director: | Arup Banerji |
| Practice Manager: | Margaret Grosh |
| Task Team Leader: | Carine Clert |

DOMINICAN REPUBLIC
Integrated Social Protection and Promotion Project

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PAD DATA SHEET*Dominican Republic**INTEGRATED SOCIAL PROTECTION AND PROMOTION PROJECT (P147213)***PROJECT APPRAISAL DOCUMENT***LATIN AMERICA AND CARIBBEAN
SOCIAL PROTECTION AND LABOR GLOBAL PRACTICE*

Report No.: PAD1070

| Basic Information | | | |
|---|--|-------------------------------------|--|
| Project ID P147213 | EA Category C - Not Required | Team Leader(s) Carine Clert | |
| Lending Instrument Investment Project Financing | Fragile and/or Capacity Constraints [] | | |
| | Financial Intermediaries [] | | |
| | Series of Projects [] | | |
| Project Implementation Start Date 30-Apr-2015 | Project Implementation End Date 01-Mar-2019 | | |
| Expected Effectiveness Date 30-Apr-2015 | Expected Closing Date 30-Mar-2019 | | |
| Joint IFC No | | | |
| Practice Manager/Manager Margaret Ellen Grosh | Senior Global Practice Director Arup Banerji | Country Director Sophie Sirtaine | Regional Vice President Jorge Familiar |
| Borrower: Ministry of Economy, Development and Planning | | | |
| Responsible Agency: Social Cabinet | | | |
| Contact: Telephone No.: | Rosa Maria Suarez Vargas (809) 534-2105 | Title: Email: | Director, Technical Unit Rosa.Suarez@gabsocial.gob.do |
| Project Financing Data(in USD Million) | | | |
| [X] Loan | [] IDA Grant | [] Guarantee | |
| [] Credit | [] Grant | [] Other | |
| Total Project Cost: | 75.00 | Total Bank Financing: | 75.00 |
| Financing Gap: | 0.00 | | |

| | | | | | | | | | | |
|---|---|---------------|--------------------------|--------------------------|-------|--|--|--|--|--|
| | | | | | | | | | | |
| Financing Source | | Amount | | | | | | | | |
| Borrower | | 0.00 | | | | | | | | |
| International Bank for Reconstruction and Development | | 75.00 | | | | | | | | |
| Total | | 75.00 | | | | | | | | |
| Expected Disbursements (in USD Million) | | | | | | | | | | |
| Fiscal Year | 2015 | 2016 | 2017 | 2018 | 2019 | | | | | |
| Annual | 2.00 | 21.00 | 17.00 | 20.00 | 15.00 | | | | | |
| Cumulative | 2.00 | 23.00 | 40.00 | 60.00 | 75.00 | | | | | |
| Institutional Data | | | | | | | | | | |
| Practice Area (Lead) | | | | | | | | | | |
| Social Protection & Labor | | | | | | | | | | |
| Contributing Practice Areas | | | | | | | | | | |
| Urban, Rural & Social Development Global Practice | | | | | | | | | | |
| Governance Global Practice | | | | | | | | | | |
| Cross Cutting Areas | | | | | | | | | | |
| [] Climate Change | | | | | | | | | | |
| [] Fragile, Conflict & Violence | | | | | | | | | | |
| [X] Gender | | | | | | | | | | |
| [X] Jobs | | | | | | | | | | |
| [] Public Private Partnership | | | | | | | | | | |
| Sectors / Climate Change | | | | | | | | | | |
| Sector (Maximum 5 and total % must equal 100) | | | | | | | | | | |
| Major Sector | Sector | % | Adaptation Co-benefits % | Mitigation Co-benefits % | | | | | | |
| Health and other social services | Other social services | 80 | | | | | | | | |
| Public Administration, Law, and Justice | Public administration-Other social services | 20 | | | | | | | | |
| Total | | 100 | | | | | | | | |
| <input checked="" type="checkbox"/> I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project. | | | | | | | | | | |
| Themes | | | | | | | | | | |
| Theme (Maximum 5 and total % must equal 100) | | | | | | | | | | |

| | | |
|--|---|-----------|
| Major theme | Theme | % |
| Social protection and risk management | Other social protection and risk management | 40 |
| Social protection and risk management | Social Safety Nets/Social Assistance & Social Care Services | 40 |
| Urban development | Urban services and housing for the poor | 20 |
| Total | | 100 |
| Proposed Development Objective(s) | | |
| The Project Development Objective is to improve access of the Borrower's poor citizens to an integrated package of social protection and promotion opportunities, including, in particular, human capital, enhanced employability, and housing improvements in Selected Provinces. | | |
| Components | | |
| Component Name | Cost (USD Millions) | |
| Component 1. Integrated Area-Based Social Protection and Pro-poor Service Delivery | 47.70 | |
| Component 2. Strengthening of the PROSOLI CCT Program and Support to Targeted Households | 8.90 | |
| Component 3. Enhancing Equity and Results-orientation | 16.95 | |
| Unallocated funds | 1.27 | |
| Front End Fee | 0.1875 | |
| Compliance | | |
| Policy | | |
| Does the project depart from the CAS in content or in other significant respects? | Yes [] | No [X] |
| Does the project require any waivers of Bank policies? | Yes [] | No [X] |
| Have these been approved by Bank management? | Yes [] | No [X] |
| Is approval for any policy waiver sought from the Board? | Yes [] | No [X] |
| Does the project meet the Regional criteria for readiness for implementation? | Yes [X] | No [] |
| Safeguard Policies Triggered by the Project | Yes | No |
| Environmental Assessment OP/BP 4.01 | | X |
| Natural Habitats OP/BP 4.04 | | X |
| Forests OP/BP 4.36 | | X |
| Pest Management OP 4.09 | | X |
| Physical Cultural Resources OP/BP 4.11 | | X |
| Indigenous Peoples OP/BP 4.10 | | X |
| Involuntary Resettlement OP/BP 4.12 | | X |

| | | | |
|--|-----------------------|-----------------|------------------|
| Safety of Dams OP/BP 4.37 | | | X |
| Projects on International Waterways OP/BP 7.50 | | | X |
| Projects in Disputed Areas OP/BP 7.60 | | | X |
| Legal Covenants | | | |
| Name | Recurrent | Due Date | Frequency |
| Social Cabinet will operate and maintain the UTP – Schedule 2. Section I.A.1 | X | | CONTINUOUS |
| Description of Covenant | | | |
| Social Cabinet will be responsible for the implementation of the Project and will operate and maintain, throughout Project implementation, the Social Cabinet's Projects Technical Unit (UTP) with structure, staff, functions, responsibilities, and resources acceptable to the Bank. | | | |
| Name | Recurrent | Due Date | Frequency |
| Maintain the National Health Care System (SENASA) and National Institute for Professional Technical Training (INFOTEP) Inter-institutional Agreements – Schedule 2. Section I.A.2 | X | | CONTINUOUS |
| Description of Covenant | | | |
| Social Cabinet shall maintain the SENASA Inter-institutional agreements. | | | |
| Name | Recurrent | Due Date | Frequency |
| Carry out the Project with the provisions of Project's Operations Manual and PROSOLI Operations Manual – Schedule 2. Section I.A.3 (b) (i) (A) and Schedule 2. Section I.C.2 | X | | CONTINUOUS |
| Description of Covenant | | | |
| Carry out the Project in accordance with the provisions and requirements of the Project Operations Manual and the PROSOLI Operations Manual. | | | |
| Name | Recurrent | Due Date | Frequency |
| Appoint technical auditing firm to carry out semi-annual verification – Schedule 2. Section II.C | | 30-Jul-2015 | |
| Description of Covenant | | | |
| Appoint, under terms of reference acceptable to the Bank, and thereafter maintain throughout Project implementation, an independent technical auditing firm with qualifications and terms of contracting acceptable to the Bank (Technical Auditor) to carry out the semi-annual verification – Due no later than 3 months after effective date. | | | |
| Conditions | | | |
| Source Of Fund | Name | | Type |
| IBRD | Withdrawal Conditions | | Disbursement |

Description of Condition

Withdrawal Conditions set forth in Section IV B of Schedule 2 to the Loan Agreement – 1(a)
Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments prior to the date of this Agreement:

- (a) except that, withdrawals up to an aggregate amount not to exceed US\$1,400,000 may be made for payments made prior to this date but in no case more than one year prior to the date of the Loan Agreement, for Eligible Expenditures.

Conditions

| Source Of Fund | Name | Type |
|----------------|-----------------------|--------------|
| IBRD | Withdrawal Conditions | Disbursement |

Description of Condition

Withdrawal Conditions set forth in Section IV B of Schedule 2 to the Loan Agreement – 1(b)
Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments prior to the date of the Loan Agreement:

- (b) for expenditures under Category (1), unless the Borrower has submitted the relevant semi-annual report referred to in Section II.C (b) of Schedule 2 confirming the achievement of the respective Output/OBIs, as set forth in the Project Operations Manual and pursuant to the Additional Instructions.

Team Composition**Bank Staff**

| Name | Role | Title | Unit |
|----------------------------------|---------------------------------|------------------------------------|-------|
| Carine Clert | Team Leader (ADM Responsible) | Lead Social Protection Specialist | GSPDR |
| Zoila Catherine Abreu Rojas | Procurement Specialist | Procurement Specialist | GGODR |
| Maritza A. Rodriguez De Pichardo | Financial Management Specialist | Sr Financial Management Specialist | GGODR |
| Andrea Gallina | User's feedback subcomponents | Senior Governance Specialist | GGODR |
| Juan Martin Moreno | Team Member | Senior Social Protection Economist | GSPDR |
| Karla J. McEvoy | Team Member | Social Protection Specialist | GSPDR |
| Lerick S. Kebeck | Team Member | Program Assistant | GSPDR |
| Lucia Solbes Castro | Team Member | E T Consultant | GSPDR |
| Maria Concepcion Steta Gandara | Team Member | Sr Social Protection Specialist | GSPDR |
| Miriam Matilde Montenegro Lazo | Team Member | Sr Social Protection Specialist | GSPDR |
| Patricia M. Bernedo | Team Member | Senior Program Assistant | GSPDR |

| | | | | | |
|------------------------------------|--|-----------------------------|-----------------|---------------|-------------------|
| Patricia O. Orna | Team Member | Language Program Assistant | GSPDR | | |
| Ramiro Ignacio Jauregui-Zabalaga | Counsel | Senior Counsel | LEGLE | | |
| Robert H. Montgomery | Safeguards Specialist | Lead Environment Specialist | GENDR | | |
| Sylvie Debomy | Team Member | Sr Urban Planner | GSURR | | |
| Tatiana Cristina O. de Abreu Souza | Disbursement arrangements | Finance Officer | WFALN | | |
| Victor Manuel Ordonez Conde | Disbursement arrangements | Senior Finance Officer | WFALN | | |
| Extended Team | | | | | |
| Name | Title | Office Phone | Location | | |
| Jean-Sebastien Roca | Consultant | | | | |
| Manuel Rodriguez Pumarol | Short Term Consultant | | | | |
| Seollee Park | Consultant - Economic analysis and social accountability | | | | |
| Locations | | | | | |
| Country | First Administrative Division | Location | Planned | Actual | Comments |
| Dominican Republic | Azua | Provincia de Azua | | X | |
| Dominican Republic | Baoruco | Provincia de Baoruco | | X | |
| Dominican Republic | Barahona | Provincia de Barahona | | X | |
| Dominican Republic | El Seibo | Provincia de El Seibo | | X | |
| Dominican Republic | Elias Pina | Provincia de Elias Pina | | X | |
| Dominican Republic | Independencia | Provincia de Independencia | | X | |
| Dominican Republic | Monte Cristi | Provincia de Monte Cristi | | X | |
| Dominican Republic | Monte Plata | Provincia de Monte Plata | | X | |
| Dominican Republic | Nacional | Distrito Nacional | | X | Distrito Nacional |

| | | | | | |
|---|------------------------|-------------------------------------|--|---|--|
| Dominican Republic | Pedernales | Provincia de Pedernales | | X | |
| Dominican Republic | San Cristobal | Provincia de San Cristobal | | X | |
| Dominican Republic | San Juan de la Maguana | Provincia de San Juan de la Maguana | | X | |
| Dominican Republic | Santiago | Provincia de Santiago | | X | |
| Dominican Republic | Santo Domingo | Provincia de Santo Domingo | | X | |
| Consultants (Will be disclosed in the Monthly Operational Summary) | | | | | |
| Consultants Required? Consulting services to be determined | | | | | |

I. STRATEGIC CONTEXT

A. Country Context

1. **Over the last 20 years, the Dominican Republic (DR) has experienced high growth—5.8 percent per year between 1991 and 2012, but this growth now needs to be more inclusive.** Poverty soared from 32 percent in 2000 to almost 50 percent in 2004 following a severe banking and macroeconomic crisis, before declining gradually to 40 percent by 2011 (above the Latin America and the Caribbean Region–LCR - average of 30 percent).¹ Extreme poverty, which began the decade below 9 percent, rose to 15 percent in 2005 before declining to 9.5 percent in 2011—and remains above the LCR 2012 average of 4.3 percent. While as a region, LCR crossed an historical threshold in 2011, when for the first time the middle class exceeded the poor in numbers, in the DR which has a population of approximately 10 million people, the poor still outnumber the middle class by more than 10 percentage points². Furthermore, the DR Human Development Map (Human Development Report, 2013) and the Second Survey of the Single Beneficiary Selection System (SIUBEN 2) have highlighted strong disparities in terms of poverty levels and unmet basic needs, both between and within the provinces. For instance, 46 percent of the population in the *Elías Piña* province is considered extremely poor, as opposed to 3.5 percent in *Monseñor Nouel*.

2. **There are important income and gender disparities in terms of human capital and employment outcomes in the DR:** only 41 percent of children (ages 3-5 years) in the poorest quintile attend pre-primary school, compared to 62 percent in the richest; only 48 percent of poor adolescents (ages 14-18 years) attend secondary school, as opposed to 62 percent of the wealthiest. The poor are also more heavily represented in the informal sector: 75 percent of employed individuals in the poorest quintile work in the informal sector, compared to 46 percent in the richest (Employment Survey, 2012). In terms of gender in the education sector, more girls than boys complete primary school,³ and the female-male enrolment ratios are high (1.13 in secondary and 1.59 in tertiary education). However, in other areas, gender-based inequalities tend to put women in a disadvantage in comparison to men. Women in the DR suffer from exceptionally high maternal mortality and adolescent fertility rates by LCR and Upper Middle Income Country (UMIC) standards.⁴ Furthermore, female-headed households (FHH) are more likely to be poor: 52.4 percent of rural FHH and 48.4 percent of urban FHH were categorized as poor in 2010, versus 37.8 percent in rural areas and 29.6 percent in urban areas for male-headed households.⁵

¹ National monetary poverty line in Dominican Republic is US\$4.70/day in urban areas and US\$4.20/day in rural areas (in PPP of 2005). Sources: World Bank LCR Equity Lab and World Bank (2014) “When Prosperity is not Shared: The Weak Links between Growth and Equity.”

² World Bank, 2013 *Economic Mobility and the Rise of the Latin American Middle Class*.

³ About 82 percent of women aged 15 to 19 had completed primary education by 2011, vs. 72 percent of men. World Bank, 2014, DR Country Partnership Strategy (CPS).

⁴ There were 107 births per 1,000 women aged 15-19 (2010), which is 50 percent higher than the LCR average (69) and well above the average for Upper Middle Income Countries (43).

⁵ Source: ECLAC data, as quoted by the DR FY15-FY18 CPS, pp.3.

B. Sectoral and Institutional Context

3. **The DR has made significant advances in the gradual establishment of a social protection system in the last ten years, especially in the area of social assistance.** First, the Government, through its Social Cabinet,⁶ seized the momentum of the 2008 food, fuel, and financial (FFF) crisis to reform the Conditional Cash Transfer (CCT) *Solidaridad* program (now known as *Progresando con Solidaridad* – PROSOLI) and make it truly conditional by linking transfers with the fulfillment and adequate verification of education and health responsibilities, thus enabling human capital accumulation for the poorest citizens.⁷ Together with an increase in labor income fueled by economic growth, these advances have contributed to a decline in poverty rates following the 2003-2004 banking crisis and likely helped avoid further declines into poverty following the FFF crisis. The World Bank 2014 Equity Assessment noted that “while monetary labor outcomes have been the most important factor behind poverty reduction between 2004 and 2011, non-labor income, more likely public transfers, also boosted family incomes” and that this was “probably explained by the implementation and expansion of the CCT *Solidaridad*.” An Inter-American Development Bank (IADB) impact evaluation of the CCT Program also showed that CCT households were positively associated with less risk of catastrophic expenditures in health, increased height-for-age of children older than three years of age, less risk of adolescent pregnancy, and lower risk of repeating grades in secondary school.⁸ Second, the DR has institutionalized a transparent targeting system, the Single Beneficiary Selection System (SIUBEN), which classifies households into poverty levels based on geographic and household data and is used to target the CCT Program, subsidized health insurance (SENASA), as well as fuel and electricity subsidies. The DR Government (GoDR) has recently updated the initial SIUBEN (SIUBEN 1) survey of 1.2 million households carried out in 2004, to SIUBEN 2, which was launched in September 2013 and covers 1.8 million households (55 percent of the population). Annex 7 details the evolution and key features of the CCT Program (including coverage) and of the SIUBEN system.

4. **However, persistent challenges in the DR’s safety net must be addressed in order to achieve the presidential goal of lifting 400,000 households out of extreme-poverty and reducing overall poverty.**

- *PROSOLI coverage of extremely poor households should be further improved.* A recent review of the SIUBEN and PROSOLI databases suggests that approximately 53,000 extremely poor households (of which 33,000 are female-headed) who live in the 14 poorest provinces of the country are eligible for the CCT PROSOLI Food Component (*Comer Es Primero*), but are yet to

⁶ Coordinated by the Vice-President, the Social Cabinet is the institutional entity that coordinates and executes programs included in the social protection system. It includes, among others, the Technical Department, the CCT program PROSOLI, the Targeting Directorate SIUBEN, and the Directorate for the Administration of all payments and transfers (ADESS). See Section IV and Annexes 3 and 7 for details.

⁷ As the flagship social program in the DR, PROSOLI supports poor families through: (i) transfers conditioned on education and health responsibilities, (ii) socio-educational accompaniment and (iii) linkages to other social programs. Overall, PROSOLI covers approximately 3.2 million people (30% of the population), with 917,252 households as of July 2014, of which approximately 18% are categorized as extremely poor households by the SIUBEN targeting mechanism.

⁸ Carrasco, García, and Parodi. 2014. *Análisis del Desempeño de la focalización y las características distributivas de la asistencia social en República Dominicana, 2005-2011*.

be included in the Program.⁹ These coverage gaps are partially explained by a persistent number of poor Dominican citizens without proper documentation, although progress has been made to bridge this gap through the current World Bank Social Protection Investment Project.¹⁰ Other factors include financing gaps and lack of special attention required to capture hard-to-reach households in recent years, a challenge faced by other mature CCT programs in the region (e.g., *Brazil Bolsa Familia*). The latest CCT impact evaluation suggests that higher coverage would improve income consumption, help satisfy basic needs, and generate significant human capital gains (see Section VI.A).

- *PROSOLI should tailor service provision to different levels of poverty—moderate and extreme:* Moderate poor CCT users may have improved basic living conditions, and may have even met program education and health requirements to graduate out of the CCT, but remain vulnerable to poverty and require a package of opportunities that can allow them to exit poverty on a sustainable basis. Extremely poor CCT users, on the other hand, may continue to face challenges in terms of access, and use of health and education services, while facing additional needs in terms of basic service provision, such as clean water and housing. At the same time, all beneficiaries need to be connected to skills-enhancing and income-generating opportunities.
- *Unmet housing needs* require particular attention. Within the fourteen provinces selected by the Social Cabinet for its extreme-poverty reduction strategy *Progresando Unidos*, 27 percent of respondents were found to suffer from overcrowding conditions and about 27,803 households still live in structures with dirt floors (28.8 percent), which is one of the primary indicators of precarious housing conditions that can have serious impacts on health, mainly for children (see Section VI). However, the Government's Public Housing Entity does not select beneficiaries based on the SIUBEN and currently fails to reach extremely poor CCT users.
- *To reduce extreme-poverty, PROSOLI should build on its regional operating structure to respond more effectively to the regional disparities described earlier, through an integrated area-based service delivery approach¹¹ that would focus on provinces with the highest levels of poverty and deficiencies in terms of basic service provision.* In doing so, the Government would follow the good practice found in other CCT Programs in the region that are delivering standard human capital promotion while effectively linking CCT users to other opportunities (e.g., *Brazil Sem Miseria*, *Colombia Unidos*).
- *The implementation of such an integrated area-based service delivery strategy requires adjustments in both the supply and demand side of the CCT Program, strengthening operative processes and increasing the capacity of existing regional CCT structures (Annex 7), as well as*

⁹ These users have been identified as eligible for the Food Component of PROSOLI only. SIUBEN measures structural poverty through a life quality index, while the more dynamic aspects of poverty are captured through the official poverty measure, a proxy of monetary deprivations. According to SIUBEN, 18 percent of PROSOLI beneficiary households are categorized as extremely poor, 58 percent are categorized as poor, 24 percent are non-poor (for more details, see Annex 7, Targeting aspects).

¹⁰ Through an innovative output-based approach and an inter-institutional agreement between the Electoral Council and the Social Cabinet, the Social Protection Investment Loan has supported the documentation of poor Dominican men, women and children, with an explicit focus on children under 16 years of age. The Project will leave behind an institutionalized management model for identifying and documenting poor Dominicans. As of June 1, 2014, more than 239,000 individuals categorized as poor in the SIUBEN registry have been issued IDs with Bank support. Of those households where at least one person has been documented, nearly 59 percent are now benefitting from the CCT PROSOLI Program.

¹¹ The integrated area based service delivery approach is one that focuses on geographic regions with high poverty levels, and then links different sectors (health, education, social protection, housing) to address the needs of the poor holistically.

users' involvement and feedback loops. The DR can capitalize on recent innovations in this regard. Piloted under the ongoing Social Protection Investment Project, the CCT Community Report Cards (CRCs or *Reportes Comunitarios*) provide a mechanism for participatory monitoring, user feedback, and problem resolution for the CCT Program and the quality of associated services (health, education, payment mechanisms, etc.). Furthermore, the Government recently created one-stop direct service points (*Puntos Solidarios*), which also serve as grievance redress mechanisms for PROSOLI beneficiaries. Here, CCT users are able to receive consultations, make service requests, and file complaints regarding the PROSOLI program, *Administradora de Subsidios Sociales* (ADESS), and Social Subsidies Administration Unit (SIUBEN). Services are offered both in existing *Punto Solidario* offices and online.

- *At a more systemic level, and in a context of fiscal restrictions in social spending, continued support is needed to consolidate advances in targeting, efficiency of pro-poor social spending, and results-oriented management.* The CCT coverage gaps described earlier raise the broader need of improving the targeting accuracy of the SIUBEN instrument. Since the finalization of the SIUBEN 2 survey at the end of 2013, Government has embarked on the process of updating the SIUBEN's Life Quality Index (ICV 2013) to better capture the profiles of poverty and improve accuracy in the classification of households that are eligible for social programs.¹² At the end of 2014, Government completed the validation process of the SIUBEN 2 database and subsequent application of the ICV 2013 model to the database, and therefore started identifying the implications for new entries to, and exits from, social programs.

5. The Government has already started to innovate and respond to these challenges. Through its PROSOLI Program, the Government has expanded beyond CCT to include income generation (employment generation through vocational training and/or entrepreneurship development), access to Information, Communication and Technologies as well as socio-educational activities to address issues such as the prevention of violence and teenage pregnancy. Early in 2014, it launched the aforementioned *Progresando Unidos* area-based service provision initiative—in 14 out of 32 provinces, focusing on those provinces with high levels of households in extreme poverty in terms of absolute numbers, and with significant shares of the population categorized as extremely poor households, as per the SIUBEN 2 results. *Progresando Unidos* connects extremely poor CCT users to a transformative package of productive activities and housing improvements.

C. Higher Level Objectives to which the Project Contributes

6. The Project directly contributes to the broader objectives of various Government strategic and policy documents: reduction of extreme-poverty and moderate poverty (Government Plan of President Medina; National Development Strategy Law-NDS); equal rights and opportunities; building an effective and efficient social protection system (NDS), “adapting the vocational training system to the poor, with a view to facilitate their labor market insertion and income generation capacity” (NDS), reducing regional disparities in terms of access to services and opportunities (NDS), as well as “a dignified and healthy life for all” (Government Plan of President Medina). Similarly, the Project responds to the World Bank Group mandate to eradicate extreme poverty and increase shared prosperity, and is fully consistent with the

¹² The ICV index allows for categorization of households into four groups of structural poverty: Extreme Poor (ICV1), Moderate poor (ICV2), Non poor I (ICV3) and Non poor II (ICV4); where thresholds are calculated to ensure that each group is proportionally equivalent to poverty groups as defined by the official monetary poverty.

Country Partnership Strategy (CPS) for 2015-2018 (Report 89551-DR), especially through the Pillar of Strengthening Social Service Delivery. The CPS was discussed by the Executive Directors on September 3rd, 2014.

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

7. The Project Development Objective (PDO) is to improve access of the Borrower's poor citizens to an integrated package of social protection and promotion opportunities, including in particular human capital, enhanced employability, and housing improvements in selected provinces.

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

9. The underpinning vision of the Project is two-fold: (i) to support area-based transformative interventions that will not only address the multidimensionality of, and regional disparities in, extreme poverty in a more effective and inclusive manner, but generate conditions for a sustainable exit of moderately poor households from the CCT program, while (ii) continuing to support improvements in the social protection system that are required for the success and sustainability of PROSOLI's area-based integrated service provision approach, such as enhanced targeting and results-based orientation.

B. Project Beneficiaries

10. Given its territorial, area-based service delivery approach to poverty reduction, the Project has selected to be active in 14 (out of 32) provinces as follows: provinces with the highest shares of population categorized as extremely poor and additional provinces with the highest levels of households in extreme poverty in terms of absolute numbers. The data source is the active data base of the SIUBEN 2 as of July 7, 2014, using the latest updated ICV 2013. These provinces, which coincide with those of the Government's *Progresando Unidos* strategy described above are: Elias Piña, San Juan de la Maguana, Distrito Nacional, Baoruco, Barahona, Independencia, Pedernales, El Seibo, Santiago, Monte Cristi, Santo Domingo, Monte Plata, San Cristóbal, and Azua.

11. The proposed Project will benefit extremely poor and moderately poor CCT households living in the 14 provinces listed above, including extremely poor households eligible for incorporation into the CCT program PROSOLI. In total, the Project will benefit about 383,638 poor households, of which about 67 percent are headed by women. The total estimated number of individuals is about 1.3 million, of which about 52 percent are females¹³.

¹³ Extremely poor CCT households are defined as those who were categorized as ICV1 by the SIUBEN. Moderately poor CCT households are those who were categorized as ICV2 by the SIUBEN.

C. PDO Level Results Indicators

12. The key Outcome Indicators for the Project are as follows:
- (i) Percentage of extremely poor households who are incorporated in CCT PROSOLI in selected provinces.
 - (ii) Percentage of eligible extremely poor PROSOLI users in selected provinces with dirt floors replaced by reinforced cement floors.
 - (iii) Relative difference in employment rate¹⁴ of PROSOLI users (men and women) 18-29 years in selected provinces who receive vocational training, versus that of the control group.
 - (iv) Percentage of eligible households whose socio-economic situation is updated by SIUBEN based on the SIUBEN 3 socio economic categorization.
 - (v) Number of Direct project beneficiaries (individuals)
 - (vi) Percentage of Female beneficiaries – Supplemental

More details on PDO Level Results Indicators are available in Annex 1.

III. PROJECT DESCRIPTION

A. Project Components

13. **Component 1. Integrated Area-Based Social Protection and Pro-poor Service Delivery (US\$47.7 million).** Building on the PROSOLI *Progresando Unidos* initiative, this Component aims to improve access of poor citizens of selected provinces to an integrated package of social protection and promotion opportunities by: (i) bridging CCT coverage gaps for eligible extremely poor households; (ii) increasing access of extremely poor CCT users to housing improvements; and (iii) increasing access of extremely and moderately poor CCT users to productive opportunities, with a priority on enhancing the employability of young women and men from CCT households.

14. **Sub-Component 1.1. Bridging CCT coverage gaps for eligible extremely poor PROSOLI households (US\$2.04 million).** Using an output-based disbursement approach, this Sub-Component would incentivize the Social Cabinet, through PROSOLI, to implement key operating processes that will be required to increase PROSOLI's coverage of eligible extremely poor households, with a view to smoothing their consumption levels and increasing their use of education and health services, all of which contribute to human capital improvements. These operating processes are detailed in Annexes 2 and 3. Given the objective of enhancing households' use of education and health services, the reduction of coverage gaps would consider the inclusion of eligible households not only in the CCT food component *Comer es Primero*, or CEP (Food is First) but also individuals in eligible households in the education components: *Incentivo a la Asistencia Escolar*– or ILAE (Incentive for School Attendance) and the *Bono Escolar Estudiando Progreso* or BEEP (Progress by Studying) of PROSOLI households.

¹⁴ The definition of employment rate determines that any person that declares to have worked at least one hour during the reference week is to be considered employed. Hence, regardless of the employment type (employer, employee, self-employed or work without pay) or economic activity, the employment rate will capture activities such as entrepreneurship, self-employment or micro-enterprises.

Similarly, this Sub-Component will promote the incorporation of eligible extremely poor households under PROSOLI into the Subsidized Health Insurance program SENASA, provided that these households meet the SENASA inclusion criteria.

15. **Sub-Component 1.2.** *Increase access of extremely poor CCT users to housing improvements (US\$19.15 million).* This Sub-Component would complement the CCT contribution to human capital improvements (via compliance with health and education co-responsibilities) through the financing of minor housing improvements for extremely poor CCT users, with a view to bridge basic deficiencies that were identified in the SIUBEN 2 survey. Based on demonstrated positive impacts on health, and given resource constraints, emphasis will be placed on the replacement of dirt floors by reinforced cement floors and painting of walls. This Sub-Component will be implemented by private entrepreneurs in selected areas and NGOs in others, as explained in Annex 2.

16. **Sub-Component 1.3.** *Increase access of eligible CCT users to productive opportunities (US\$26.5 million).* This Sub-Component mainly aims 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. The reasons for prioritizing the youth segment are three fold. First, and as discussed in Section I, rates of unemployment and precarious or poorly paid employment are higher than for other segments. Second, young adults typically have small children, hence the possibility of additional impacts and synergies with the human capital Sub-Component 1.1. Third, implementation will benefit from existing good practice and lessons learned from the now-closed 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 will be implemented through a partnership between the National Training Institution (INFOTEP) and the Social Cabinet. Finally, this Sub-Component will finance 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.

17. **Component 2. Strengthening of the PROSOLI CCT Program and Support to Targeted Households (US\$8.9 million).** To ensure the success of the integrated area-based strategy based on the CCT Program described in Component 1, Component 2 will strengthen PROSOLI's operational processes and its capacity to effectively link targeted households to newly available opportunities and services in selected provinces through three main areas, summarized below:

18. **Sub-Component 2.1.** *Strengthening of the PROSOLI CCT Program's Field-Based Coordination, Operational Processes, and Assistance to Households (US\$4.15 million).* Focusing on selected provinces, this Sub-Component will consolidate the decentralized operating structure of PROSOLI, and enhance PROSOLI's operational and territorial coordination by strengthening the capacity of the Municipal Coordination Committees and the CCT Regional Inter-institutional Technical Committees to coordinate and solve problems. In addition, this Sub-Component will strengthen direct assistance, coaching, and follow up with households

(*acompañamiento familiar*) to ensure households' empowerment and take up of relevant opportunities described in Component 1.

19. **Sub-Component 2.2. *Improving Users' Orientation and Feedback Mechanisms (US\$2.7 million)***. This Sub-Component will first enhance users' orientation and easy access to information through the expansion of the number of one-stop service points or *Puntos Solidarios* and the strengthening of their role. Enhancements will also be made to enable more timely responses to users' claims and complaints. Second, this Sub-Component will build on the successful pilot of the Community Report Cards (CRCs) by financing their extension to the 14 prioritized provinces and the automatization of its processes. Technical assistance will also be provided to enhance synergies between these two social accountability mechanisms, the *Puntos Solidarios* and the CRCs (Annex 7).

20. **Sub-Component 2.3. *Strengthening Inter-connectivity of Information Management Systems (US\$2.04 million)***. This Sub-Component will fund the technical assistance and technological infrastructure required to strengthen inter-connectivity between information management systems of major providers in the Project (PROSOLI – ADESS – SIUBEN – SENASA – INFOTEP). Specifically, it will seek to introduce concepts and tools to develop a more integrated information management, rationalize customer service processes and protocols between institutions (PROSOLI, ADESS, SIUBEN), and increase user friendliness and accessibility of information.

21. **Component 3. Enhancing Equity and Results-orientation (US\$16.95 million)**. This Component would complement targeted interventions at the territorial level with institutional strengthening at the national policy level to sustain progress in building blocks of the social protection system. To this end, the Component would finance activities to: (i) strengthen the SIUBEN as the primary targeting instrument; and (ii) improve evidence-based policy making by the Social Cabinet and citizen oversight.

22. **Sub-Component 3.1. *Strengthening SIUBEN's Targeting Instrument (US\$10.2 million)***. This Sub-Component will contribute to the consolidation of SIUBEN as an accurate and adequate targeting instrument through two sets of activities: (i) the updating of the SIUBEN database through a Third Socio-Economic Survey (SIUBEN 3); and (ii) the strengthening of the SIUBEN as an information provider for social policy decision making.

23. **Sub-Component 3.2. *Enhancing Results-orientation (US\$1.90 million)***. This Sub-Component would support: (i) the design of a process evaluation and an impact evaluation for the territorial, integrated social protection strategy; (ii) a series of activities to strengthen evidence-based policy making within the Social Cabinet and beyond PROSOLI (i.e., extension of the integrated monitoring and evaluation system to the nine social programs that are mapped to the Social Cabinet); and (iii) activities to introduce more results-oriented planning, budgeting, and execution of social spending within the whole Cabinet.

24. **Sub-Component 3.3. *Promoting Innovation and Policy Development (US\$1.85 million)***. This Sub-Component will support a flexible set of technical assistance and capacity-building activities to inform social protection debates and reform in the DR including, among others, pro-

poor social policies that could complement targeted programs such as PROSOLI, with housing and productive inclusion as important features. Furthermore, technical assistance to take stock and further enhance gender equity and inclusiveness of the CCT territorial strategy and overall program will be provided.

25. **Sub-Component 3.4.** *Support to the Project Coordination and Implementation (US\$3 million).* Given the Project's territorial approach and the already existing heavy workload of the Project's implementation unit- the *Unidad Técnica de Proyectos* or UTP-- the technical-administrative areas of the UTP will be strengthened. In addition, this last Sub-Component will finance activities such as the financial audit, information technology equipment, training, and operating expenses in general.

B. Project Financing

26. The lending instrument is investment project financing over a four-year implementation period. A summary table of Project costs by components is provided below.

| Project Components | Project Cost | IBRD Financing | % Financed by IBRD |
|--|---------------------|-----------------------|---------------------------|
| Component 1. Integrated Area-Based Social Protection and Pro-poor Service Delivery. | 47.70 | 47.70 | 100 % |
| <i>1.1. Bridging CCT coverage gaps for eligible extremely-poor PROSOLI Households</i> | 2.04 | 2.04 | 100% |
| <i>1.2. Increase access of extremely poor CCT users to housing improvements</i> | 19.15 | 19.15 | 100% |
| <i>1.3. Increase access of CCT users to productive opportunities</i> | 26.5 | 26.50 | 100% |
| Component 2. Strengthening of the PROSOLI CCT Program and Support to Households | 8.90 | 8.90 | 100% |
| <i>2.1. Strengthening of the PROSOLI CCT Program's Field-Based Coordination, Operational Processes, and Assistance to Households</i> | 4.16 | 4.16 | 100% |
| <i>2.2. Improving Users' Orientation and Feedback Mechanisms</i> | 2.70 | 2.70 | 100% |
| <i>2.3. Strengthening Inter-connectivity of Information Management Systems</i> | 2.04 | 2.04 | 100% |
| Component 3. Enhancing Equity and Results-orientation | 16.95 | 16.95 | 100% |
| <i>3.1. Strengthening SIUBEN's Targeting Instrument</i> | 10.2 | 10.2 | 100% |
| <i>3.2. Enhancing Results-orientation</i> | 1.90 | 1.90 | 100% |
| <i>3.3. Promoting Innovation and Policy Development</i> | 1.85 | 1.85 | 100% |
| <i>3.4 Support to the Project Coordination and Implementation</i> | 3.0 | 3.0 | 100% |
| Unallocated funds | 1.27 | 1.27 | 100% |
| Front End Fee | 0.1875 | 0.1875 | |
| Total Project Cost | 75.00 | 75.00 | 100% |

C. Lessons Learned and Reflected in Project Design

27. The Project builds on lessons from other multi-sector lending operations in the DR, namely the Programmatic Development Policy Financing (DPL) series Performance and Accountability of Social Sectors (PASS) (P116972, P121778 and P125806). Two critical success factors were highlighted: (i) strong government ownership and community participation, and (ii) convergence of strategic interests between social sector Ministries and the Ministries of Economy and Finance. A second set of lessons relates to the value of a demonstrative approach. The Project supports a combined package of opportunities, an innovation which could be scaled up. This happened with the Report Cards pilot financed under the current Social Protection Investment Project, and the Government's decision to scale it up despite the change of administration in 2012. Another set of lessons from the DR portfolio relates to the relatively poor performance of public works; hence the selective, simple approach to housing improvements (versus a full range housing program) and the strengthening of the UTP for this purpose.

28. Second, by supporting the development of a multi-service delivery platform for extremely poor households through a targeted social protection program as an entry-point, this Project builds on frontier, broad-based territorial initiatives worldwide, including the Colombia *Unidos* approach, the Chile *Solidario* Program, the Brazil *Sem Miseria* initiative, and the Philippines' recent emphasis on the Convergence Agenda to enhance the effectiveness of the contribution of social protection programs to poverty reduction. Finally, specific interventions draw on good practices worldwide. The PROSOLI Youth Employment Promotion Program, for example, like most effective active labor market programs, will include a component of technical and on-the-job training and provide a mix of technical and life skills training. The CCT Community Report Cards ensures the involvement of both users and service providers in the delivery of feedback and problem-solving. This combination of demand and supply –side feedback –is key to success.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

29. The Social Cabinet would be responsible for coordination and execution of the Project, through the UTP. The Social Cabinet is the entity that coordinates, manages, administers, and executes social protection programs in the country. It includes, among others, the Executive Technical Department (ETD), the PROSOLI, SIUBEN, and the Administrator for Social Subsidies -ADESS–departments. The Vice-President provides oversight. The UTP sits in the Executive Technical Department and is responsible for managing fiduciary tasks, including procurement, financial management and disbursements, of all external loans and grants. The UTP has administered the aforementioned Social Protection Investment Loan for the past five years, as well as other externally-financed projects, and the Bank has found its fiduciary capacity to be adequate to manage the operation. The unit is well-staffed, with a Coordinator, and Technical, Procurement, and Financial Management teams. As noted earlier, given the territorial approach of the Project and the existing workload of the UTP, the unit will be strengthened including the hire of additional technical and fiduciary staff.

30. The Project would consist of three components with Sub-Components as described in Annex 2. Sub-Component 1.1 will use an output-based aid (OBA) disbursement mechanism. The remaining Sub-Components will follow standard disbursement mechanisms. For the OBA Sub-Component, PROSOLI is responsible for achieving targets, and achievement will be verified by an independent verifying agent (IVA) contracted for that purpose. For Sub-Component 1.2, housing improvements will be made through the contracting of NGOs and private entrepreneurs. Sub-Component 1.3, increasing access of CCT users to productive opportunities, will involve the participation of INFOTEP and private training providers (COS), although the overall responsibility for the implementation of Sub-Component 1.3 lies with the Social Cabinet. Details of arrangements are provided in Annex 3.

B. Results Monitoring and Evaluation

31. Given the multi-sectoral nature of the Project and the involvement of different partners, the UTP will be responsible for centralizing the monitoring of the Project's intermediary results and outcomes, with close liaison and technical support from the Social Cabinet's Unit for Monitoring and Evaluation. Specifically, the UTP will be responsible for collecting data from the relevant agencies as detailed in Annex 1. On the basis of such data collection, the UTP will prepare and publish two semi-annual progress reports. Regarding Sub-Component 1.3, it will include surveys to track the employment status and income level of program graduates after completion of the PROSOLI Youth Employment Program. Finally, a comprehensive impact evaluation will be carried out for the area-based integrated service delivery approach under Component 1. A particular area of interest will be to explore changes in basic living conditions of eligible households who received more than one intervention to assess the impact of cumulative interventions: CCT inclusion, linkages to scholarships and SENASA, and housing improvements. This evaluation will also include the impact evaluation for the specific Sub-Components of housing and PROSOLI Youth Employment Training.

C. Sustainability

32. The sustainability of the operation is three-fold. First, at a financial level, the Government is demonstrating its commitment by providing the full budget and operations of the Social Cabinet's key relevant directorates (Technical Directorate, PROSOLI CCT, SIUBEN, and ADESS); SENASA, and INFOTEP. Second, at an institutional level, it is mainly executed by well-established public agencies such as the Social Cabinet and INFOTEP, and further builds the capacity of their staff. It also enhances capacities of the established nuclei of CCT households and increases their ability to know of and take up opportunities in their regions. Similarly, civil society organizations attached to the PROSOLI network will have some ownership of the territorial strategy and will link with Regional CCT Intersectoral Committees. The Project also builds on nascent cooperation between institutions such as the Social Cabinet and INFOTEP to further such cooperation and provide an institutional delivery model for it. In the area of housing, it will demonstrate an approach for providing extremely poor households with simple housing improvement solutions and provide evidence and lessons learned for possible take up by other institutions. Technical assistance will also be provided regarding policy development on enhancing the linkages of the targeted social protection system with the productive inclusion and housing agenda. Finally, the Project benefits from strong government ownership, as it builds on Government's National Strategy for Development and the Social Cabinet's pro-poor strategy

Progresando Unidos. Finally, the overall territorial approach fits with the broader Presidential strategy of *Quisqueya sin Miseria* (*Nation without Misery*).

V. KEY RISKS AND MITIGATION MEASURES

A. Risk Ratings Summary Table

| Risk Category | Rating |
|--|---------------|
| Stakeholder Risk | Moderate |
| Implementing Agency Risk | |
| - Capacity | Substantial |
| - Governance | Moderate |
| Project Risk | |
| - Design | Substantial |
| - Social and Environmental | Low |
| - Program and Donor | Low |
| - Delivery Monitoring and Sustainability | Substantial |
| Overall Risk | Substantial |

Overall Risk Rating Explanation

33. The overall risk rating for the Project is Substantial (details in Annex 1). The operation involves an integrated, area-based approach to social protection, and as such a major set of risks relates to the multi-level coordination between PROSOLI and other partners. These risks are partially mitigated by existing institutional cooperation agreements between the Social Cabinet and such service providers,¹⁵ as these agreements spell out processes and protocols for knowledge and data sharing between agencies, as well as financial incentives of the OBA approach for Sub-Component 1.1. The OBA approach has now been successfully tested in the DR for the on-going WBG-financed health Project and the documentation component of the Social Protection Investment Project. Other risk mitigation factors include strong donor coordination with partners such as UNDP and IADB, as highlighted in Annex 3.

VI. APPRAISAL SUMMARY

A. Economic and Financial Analysis

34. **The Project is expected to directly benefit a significant share of current and new PROSOLI users, who will be receiving cash transfers aiming to increase household consumption and human capital investments and to improve beneficiaries' health, nutrition, education, and productivity.** Strong economic arguments justify public financing of the ISPP Project. Public financing in education, health, and productive opportunities via the PROSOLI program is justified on equity grounds and to address existing market failures. Also, the human capital investments through the Project are expected to have high payoffs. Expected benefits, especially for the extreme poor households, include improved household consumption, increased school enrollment, attendance, and completion, improved health prevention and access

¹⁵ Inter-institutional legal agreements were signed with the Ministries of Health and Education; as well as with INFOTEP and SENASA.

to health, improved nutrition, and improved access to services that facilitate productive inclusion in the labor market. The CCT Program has already shown significant positive impact on the education and health levels of the beneficiaries. Full economic analysis is presented in Annex 6.

B. Technical

35. **This operation capitalizes on the World Bank Group’s long term engagement in social assistance in the DR.** This engagement started in 2009 through a suite of financial and advisory services, which supported the Government in developing and reforming its CCT program. As one outcome, DR’s CCT Program is now closer in design and impact to some of the most mature CCTs in the region. The PASS DPL series supported the overhaul of the CCT program *Solidaridad* towards a truly conditional cash transfer, identified and costed supply-service gaps for the provision of health and education services associated with these co-responsibilities, and supported the deconcentration of the Program, which now has nine Regional Intersectoral Committees. The Social Protection Investment Project, also broke ground by: (i) identifying and documenting extremely-poor Dominican citizens thanks to a close collaboration between the *Junta Central Electoral* and the Social Cabinet; (ii) updating the Second SIUBEN census in 2011-2012; and (iii) piloting frontier areas such as the CCT Community Report Cards (CRCs). This support has been closely matched with the IADB’s contributions on the financing of transfers linked to enhanced verification and compliances, new incentive structures and regular audits. Similarly, on the labor front, the Bank promoted good practices for Youth Training Program through the *Juventud y Empleo* Project that was implemented by the Ministry of Labor and yielded positive results according to its impact evaluation (Annex 7).

36. **Based on these achievements, the proposed territorial and multisectoral approach of this Project is expected to deepen and enhance the contribution of our social protection and labor engagement to poverty reduction, while consolidating the progress made in previous operations.** Expected transformational impacts include the following. Sub-Component 1.2 will help cement the nascent cooperation between the agency responsible for Vocational Training INFOTEP and the CCT PROSOLI. Through a carefully designed output-based approach, PROSOLI will be incentivized to liaise with key relevant actors to close the persisting CCT coverage gaps that currently prevent full impact on human capital promotion This will be complemented by other Bank operations that will enhance the quality of education (forthcoming “Support to the National Education Pact” project) and the coverage and quality of basic health services (Adaptable Health Sector Reform Adaptable Program Loans- PARSS2 and PARSS3). Finally, housing improvements are expected to provide a demonstrative approach that could generate positive changes for pro-poor housing policy in the DR¹⁶ and enhanced cross-sectoral synergies leading to better health outcomes. Overall, the evaluations embedded in Sub-Component 3.2 will provide an evidence base to learn from these innovations.

37. **Finally, the Project design has sought to keep some selectivity to ensure quality and implementability of the multisector approach.** For example, the housing improvement Sub-Component will focus on replacing dirt floors by reinforced cement floors and painting of the walls. These works are simple, but to ensure quality, regarding stability, composition and sealing

¹⁶ The National Housing Institute (INVI) currently does not use the SIUBEN targeting mechanism. It is at risk of missing the opportunity to achieve impacts on the reduction of extreme-poverty and moderate poverty as a result.

of floors, they will be carried out and supervised by competitively selected private contractors in some zones and through subprojects managed by NGOs supervised by a consulting firm in other zones (Annex 2). This approach has been successfully implemented in several countries.

C. Financial Management

38. The Bank carried out a financial management (FM) assessment of the Social Cabinet/UTP, and found that there is adequate capacity to carry out FM tasks under the Project. FM arrangements, including disbursements, will be carried out by the Social Cabinet/UTP as fiduciary agent for the Project, similar to those in place for the on-going Social Protection Investment Project. In line with the Bank's preferred approach of using country systems whenever feasible, the Project will use the FM information system (SIGEF/UEPEX) –DR automated FM country system. Methods of disbursement will be advance, reimbursement and direct payment. Customized statements of expenditures (SOEs) will be defined to process disbursements against unit costs defined per output indicator included in Annex 2, for Sub-Component 1.1 using output-based disbursement mechanisms. A comparative cost-based analysis was completed and determined efficient pricing to ensure that costing of outputs for disbursement purposes was credible and could be relied on as being cost effective. Once these outputs are evidenced and verified as delivered, this will form the basis to disburse funds.

39. Frequency of interim unaudited financial reports (IFRs) will be semiannual, to be submitted to the Bank 45 days after the end of the reporting period. The schedule of unit costs of outputs and the reported outputs completed/delivered, so as to form the basis for disbursement, will be included. External audit reports for the proposed Project would cover a fiscal year, to be submitted not later than four months after the end of the audited year. Terms of Reference for the independent output indicators verification task and the annual audit for the Project are included in the operations manual. The scope of the Bank risk-based FM implementation support missions will be comprehensive, including full on-site supervision. Further details on FM and disbursement considerations, with the financing table, a flow of funds, and other disbursement related information are included in Annex 3.

D. Procurement

40. An assessment of the procurement capacity of the UTP in the Social Cabinet was completed in May 2014 using the Procurement Risk Assessment and Management System (P-RAMS). Its capacity was found acceptable to carry out procurement processes under the Project. Given the territorial approach of the Project and the existing workload of the UTP, the unit will be strengthened to include an additional Procurement Specialist. Special provisions include: a) the use of output-based disbursement under Sub-Component 1.1; b) the implementation of subprojects to engage NGOs with relevant experience for Sub-Component 1.2; c) the competitive selection of training providers under Sub-Component 1.3; and d) engagement of INFOTEP and PROSOLI COS as part of the implementation arrangements, for the provision of training under Sub-Component 1.3. Details of procedures are presented in Annex 3.

E. Social (including Safeguards)

41. This Project does not entail new construction, land purchase, or resettlement; therefore, the Involuntary Resettlement safeguard is not triggered. Housing improvements under Sub-Component 1.2 will focus on eligible CCT beneficiary households who must own the land or be located on public land. The Project design and inclusive (including gender-friendly) arrangements have been informed by various analyses and consultations with stakeholders. Since social inclusion and poverty reduction are integral to the Project's objectives, the decision was made to treat social assessment (including its gender component) as an iterative approach within Project design and implementation, versus carrying out a stand-alone social assessment. Stakeholders will continue to be involved in Project implementation, monitoring and evaluation through various mechanisms. Users of social programs will voice their views on the quality of services provided, through the use of Community Report Cards. Their feedback will be used to adjust program design and delivery. In addition, the *Puntos Solidarios* will serve as centers where users may register concerns and grievances. Sector ministries and government agencies (SENASA, INFOTEP) collaborating on the integrated service delivery model will provide input during implementation via interinstitutional agreements, which establish rules and processes for knowledge sharing and feedback and which will be articulated in the Project Operational Manual. Annex 8 summarizes how inclusiveness permeates the Project's objectives and expected impacts on the target population. It also outlines the Project's implementation arrangements to address exclusion risks based on poverty and/or gender; relevant monitoring and evaluation features; as well as users' feedback loops and measures to ensure voice and accountability.

F. Environment (including Safeguards)

42. The Project has an Environmental Assessment Category C since the OP/BP 4.01 is not triggered as the nature and scope of the Project activities are not expected to generate adverse environmental impacts. The housing improvement Sub-Component (1.3) involves rehabilitation of existing homes, which are small, simple structures. The addition of new *puntos solidarios* under Sub-Component 2.1 involves the rehabilitation and upgrading of existing public spaces, which are also simple structures. No new construction will be financed. If any negative environmental impacts occur they will be minimal. Standard measures to prevent or mitigate any minor environmental or social impacts that could be caused by the Project's activities are included in the Operational Manual and implemented as part of good construction practices, and will be monitored as part of overall supervision.

G. World Bank Grievance Redress

43. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB'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 WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World

Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

Annex 1: Results Framework and Monitoring

DOMINICAN REPUBLIC: INTEGRATED SOCIAL PROTECTION AND PROMOTION PROJECT

Results Framework

Project Development Objectives

PDO Statement

The PDO is to improve access of the Borrower's poor citizens to an integrated package of social protection and promotion opportunities, including in particular human capital, enhanced employability, and housing improvements in selected provinces.

These results are at: | Project Level

Project Development Objective Indicators

| Indicator Name | Baseline | Cumulative Target Values | | | | |
|---|--------------|--------------------------|--------------|--------------|--------------|--------------|
| | | YR1 | YR2 | YR3 | YR4 | End Target |
| Percentage of extremely poor households who are incorporated in CCT PROSOLI in selected provinces (Percentage) | 77.00 | 77.00 | 91.00 | 100.00 | 100.00 | 100.00 |
| Percentage of eligible extremely poor PROSOLI users in selected provinces with dirt floors replaced by reinforced cement floors. (Percentage) | 0.00 | 0.00 | 20.00 | 45.00 | 70.00 | 70.00 |
| Relative difference in employment rate of PROSOLI users (men and women) 18-29 years in selected provinces who receive vocational training, versus that of the control group. (Percentage) | N/A | N/A | N/A | N/A | N/A | 10.00 |
| Percentage of eligible households whose socio-economic situation is updated by SIUBEN based on the SIUBEN 3socio economic categorization. (Percentage) | 2,000,000.00 | N/A | N/A | 10.00 | 50.00 | 60.00 |
| Direct project beneficiaries (individuals) | 1,130,391.00 | 1,130,391.00 | 1,257,794.00 | 1,342,733.00 | 1,342,733.00 | 1,342,733.00 |

| | | | | | | |
|--|-------|-------|-------|-------|-------|-------|
| (Number) - (Core) | | | | | | |
| Female beneficiaries (Percentage - Sub-Type: Supplemental) - (Core) | 52.00 | 52.00 | 52.00 | 52.00 | 52.00 | 52.00 |

Intermediate Results Indicators

| Indicator Name | Baseline | Cumulative Target Values | | | | |
|--|----------|--------------------------|-----------|-----------|-----------|------------|
| | | YR1 | YR2 | YR3 | YR4 | End Target |
| Percentage of household members, categorized as ICV I and who meet eligibility criteria, identified and incorporated by PROSOLI into the ILAE program in selected provinces. (Percentage) | 32.00 | 42.00 | 57.00 | 78.00 | 83.00 | 83.00 |
| Percentage of household members, categorized as ICV I who meet eligibility criteria, identified and incorporated into Bono Escolar <i>Estudiando Progreso</i> in selected provinces. (Percentage) | 32.00 | 48.00 | 65.00 | 81.00 | 86.00 | 86.00 |
| Percentage of eligible PROSOLI ICV-I household members who meet the National health Insurance Program SENASA criteria identified and incorporated by SENASA. (Percentage) | N/A | 10.00 | 25.00 | 40.00 | 60.00 | 60.00 |
| Percentage of beneficiary households whose dirt floors were replaced reporting an improvement in living conditions. (Percentage) | 0.00 | N/A | N.A. | 60.00 | N.A. | 80.00 |
| Percentage of participants from PROSOLI households categorized as ICVI and ICV2 that finish vocational training (Percentage) | N/A | 60.00 | 60.00 | 60.00 | 60.00 | 60.00 |
| Percentage of vocational training participants who are women (Percentage) | N/A | 50.00 | 50.00 | 50.00 | 50.00 | 50.00 |
| Number of Beneficiaries of vocational training package | 0.00 | 10,000.00 | 20,000.00 | 30,000.00 | 40,000.00 | 40,000.00 |

| | | | | | | |
|--|----------|-------|-------|-------|-------|-------|
| (Number) | | | | | | |
| Percentage of PROSOLI field staff trained on new integrated territorial intervention strategy in selected provinces (Percentage) | 9,472.00 | 15.00 | 45.00 | 85.00 | 85.00 | 85.00 |
| Number of “Puntos Solidarios” rehabilitated and functioning in the 14 provinces (Number) | 0.00 | 5.00 | 20.00 | 40.00 | 70.00 | 70.00 |
| Number of Community Report Cards’ cycles implemented and supervision initiated in the 14 provinces (Number) | 0.00 | 1.00 | 2.00 | 3.00 | 4.00 | 4.00 |
| Customer Relation Management System (CRM) developed and functioning (Text) | No | No | No | Yes | Yes | Yes |
| Technological platform for information exchange between SIUBEN and other public institutions is developed and implemented (Text) | No | No | No | No | Yes | Yes |
| Number of modules of the Integrated Monitoring and Evaluation System (SIME) developed and functioning (Number) | 0.00 | 0.00 | 1.00 | 3.00 | 4.00 | 4.00 |
| Number of entities associated with the GCPS trained and applying instruments to assess performance of priority social protection programs (Number) | 0.00 | 0.00 | 0.00 | 4.00 | 9.00 | 9.00 |

Indicator Description

Project Development Objective Indicators

| Indicator Name | Description (indicator definition etc.) | Frequency | Data Source / Methodology | Responsibility for Data Collection |
|---|---|---|---|------------------------------------|
| Percentage of extremely poor households who are incorporated in CCT PROSOLI in selected provinces | Percentage of eligible households ICV I (SIUBEN 2) in the 14 prioritized provinces, which meet the PROSOLI inclusion criteria and are incorporated into the CEP component. Shall be considered for purposes of compliance with the goals: households ICV- 1 in prioritized provinces included in PROSOLI which have given the payment card and are able to perform transactions. | Annual | Source: For baseline: SIUBEN 2 survey, applying 2013 Living Conditions Index (ICV2013) For monitoring: PROSOLI Database vs. ADESS payment database and external technical evaluations and audits | PROSOLI |
| Percentage of eligible extremely poor PROSOLI users in selected provinces with dirt floors replaced by reinforced cement floors. | Specifications for replacement of dirt floors as articulated in the Project Operational Manual. | Annual | SIUBEN 3 Database+ External Technical Evaluation and Ex--ante and ex-post audits | PROSOLI + External Audit Firm |
| Employment rate of PROSOLI users (men and women) 18-29 years in selected provinces who receive vocational training, versus that of the control group. | Employment rate of PROSOLI users (men and women) 18-29 years who receive vocational training, is at least 10 percent higher than the control group, 12 months after finishing vocational training. | One time at the end of Project implementation | Specialized Impact Evaluation. | PROSOLI with World Bank assistance |
| Percentage of eligible households whose socio-economic situation is updated by SIUBEN based on the SIUBEN 3 socio economic categorization. | Updating of information is considered to be the recertification of eligibility for households who are already included in the database of SIUBEN 2. | Annual | SIUBEN 3 Database + External Technical Evaluation and Audit | SIUBEN |
| Direct project beneficiaries (Core) | Direct beneficiaries are members of extremely and moderately poor (ICV 1 and ICV2) PROSOLI households, living in the Project's 14 provinces. | Annual | Source: For baseline: SIUBEN 2 survey, applying 2013 Living Conditions Index (ICV2013) For monitoring: PROSOLI Database | PROSOLI |

| | | | | |
|-----------------------------|--|--------|--|---------|
| Female beneficiaries (Core) | Based on the assessment and definition of direct project beneficiaries, specify what percentage of the beneficiaries are female. This indicator is calculated as a percentage. | Annual | Source: For baseline: SIUBEN 2 survey, applying 2013 Living Conditions Index (ICV2013) For monitoring: PROSOLI Database | PROSOLI |
|-----------------------------|--|--------|--|---------|

Intermediate Results Indicators

| Indicator Name | Description (indicator definition etc.) | Frequency | Data Source / Methodology | Responsibility for Data Collection |
|--|--|-----------|--|------------------------------------|
| Percentage of household members, categorized as ICV I and who meet eligibility criteria, identified and incorporated by PROSOLI into the ILAE program in selected provinces. | Eligible households are those who have members between 6 and 16 years who are enrolled at school from first to eight grades and registered in the Educational Center's MIS. Moreover, household members considered are those who are already in CEP and those who are eligible for CEP under this Project. | Annual | PROSOLI Database + Education Centers' MIS + External Technical Evaluations and Audits | PROSOLI – Ministry of Education |
| Percentage of household members, categorized as ICV I who meet eligibility criteria, identified and incorporated into Bono Escolar <i>Estudiando Progreso</i> in selected provinces. | Eligible households are those who have members up to 21 years, attending middle school level and registered in the Educational Center's MIS. Moreover, household members considered are those who are already in CEP and those who are eligible for CEP under this Project (Component 1 - Sub-Component 1.1) | Annual | PROSOLI Database + Education Centers' MIS + External Technical Evaluations and Audits | PROSOLI – Ministry of Education |
| Percentage of eligible PROSOLI ICV-I household members who meet the National health Insurance Program SENASA criteria identified and incorporated by SENASA. | For the purposes of this Project, incorporation into SENASA means households whose members have received their affiliation card and are capable of demanding and receiving health services (Component 1 - Sub-Component 1.1) | Annual | PROSOLI Database + SENASA Subsidy Database + External Technical Evaluations and Audits | PROSOLI + SENASA |
| Percentage of beneficiary | Perceptions related to housing | Mid-term | External Technical | PROSOLI |

| | | | | |
|---|--|--------------------------------|--|--------------------------|
| households whose dirt floors were replaced reporting an improvement in living conditions. | improvements where beneficiaries report improvements in three aspects: hygiene, habitability, and progress and well-being. | review and end of project | Evaluation and Audit | |
| Percentage of participants from PROSOLI households categorized as ICVI and ICV2 that finish vocational training | Training considered complete only upon award of graduation certificate (Component 1 - Sub-Component 1.3) | Bi-annual | Reports on graduation from vocational courses | PROSOLI and INFOTEP |
| Percentage of vocational training participants who are women | Participation is defined registering for and attending courses (Component 1 - Sub-Component 1.3). | Bi-annual | Enrollment reports of vocational training programs | PROSOLI and INFOTEP |
| Number of Beneficiaries of vocational training package | Number of participants who complete the training courses and/or participate in the internships in private firms for two months (Component 1 - Sub-Component 1.3) | Bi-annual | Reports on graduation from vocational courses and Internships participation certificates | PROSOLI and INFOTEP |
| Percentage of PROSOLI field staff trained on new integrated territorial intervention strategy in selected provinces | Field staff defined as: regional directors, operational coordinators, provincial supervisors, local development managers, and supervisors (Component 2 - Sub-Component 2.1) | Annual | Progress Reports on participation in workshops and certifications issued | PROSOLI |
| Number of “Puntos Solidarios” rehabilitated and functioning in the 14 provinces | Number of “Puntos Solidarios” working and able to serve as a mechanism to facilitate orientation of CCT users and to provide a timely response to complaints (Component 2 - Sub-Component 2.2) | Annual | External Technical Evaluations and Audits | PROSOLI |
| Number of Community Report Cards’ cycles implemented and supervision initiated in the 14 provinces | Number of Community Report Cards’ cycles implemented within the 14 prioritized provinces of the project in which they have implemented community reports cards and has started the process of follow up and supervision (Component 2 - Sub-Component 2.2). | Annual | Community Report Cards, and Supervision + External Technical Evaluation and Audits | PROSOLI |
| Customer Relation Management System (CRM) developed and functioning | Customer Relation Management System (CRM) developed and functioning (Component 2 - Sub-Component 2.3). | One time during implementation | Progress Reports on performance indicators generated by the system | PROSOLI - SIUBEN - ADESS |
| Technological platform for | Technological platform for the exchange | One time | External Technical | SIUBEN/ Social Cabinet |

| | | | | |
|---|--|-----------------------|--|-------------------------------------|
| information exchange between SIUBEN and other public institutions is developed and implemented | and use of SIUBEN information by other public institutions developed and functioning (Component 3 - Sub-Component 3.1) | during implementation | Evaluation and Audit of the System | |
| Number of modules of the Integrated Monitoring and Evaluation System (SIME) developed and functioning | Key modules include: financial and administrative management; operational monitoring and impact evaluation (Component 3 - Sub-Component 3.2) | Annual | SIME reports and External Technical Evaluations and Audits | Social Cabinet Technical Department |
| Number of entities associated with the GCPS trained and applying instruments to assess performance of priority social protection programs | Number of entities associated with the GCPS who are trained and applying the operational checklist, protocols, and interfaces for program evaluation (Component 3 - Sub-Component 3.3) | Annual | Performance and evaluation reports | GCPS Technical Department |

Notes:

- (a) Data source for baseline of PDO indicators: SIUBEN Survey 2010-2012 (SIUBEN 2) on July 7th 2014, Applying the 2013 Living Conditions Index (ICV 2013)
- (b) Regarding PDO indicator (i), By July 7, 2014, 206,227 (77 %) extremely poor households out of 266,896 in selected provinces are currently incorporated in CCT CEP component. By the end of the Project and through the Sub-Component 1.1, the Project is expected to ensure the incorporation of at least 80 percent of the remaining 60,669 households. In this context, an end target of 100 percent of extremely poor households covered by the CCT Program in selected provinces appears reachable.
- (c) Regarding PDO indicator (ii), 10,732 eligible households is the base line. 70 Percent target would mean covering at least 7,512 households with housing improvements as described in Sub-component 1.2 and Operational Manual.
- (d) Regarding PDO indicator (iii) The definition of employment rate determines that any person that declares to have worked at least one hour, during the reference week is to be considered employed. Hence, regardless of the employment type (employer, employee, self-employed or work without pay) or economic activity, the employment rate will capture activities such as entrepreneurship, self-employment or micro-enterprises.
- (e) Regarding PDO core indicator of Direct Project Beneficiaries, By July 7, 2014, there is a total of 322,969 extremely poor and moderately PROSOLI households, living in the 14 provinces (of which 225,528 are moderately poor and 97,441 are extremely poor). Assuming an average of 3.5 members per household, this leads to an estimated number of 1,130,391 individual direct beneficiaries. Taking into account the planned inclusion of 60,669 eligible extremely poor households to *Comer Es Primero* (36,401 in the first year and 24,268 in the second year of the Project), the target end is estimated at 383,638 households, equivalent to 1,342,733 individuals.

Annex 2: Detailed Project Description

DOMINICAN REPUBLIC: INTEGRATED SOCIAL PROTECTION AND PROMOTION PROJECT

1. The PDO is to improve access of the Borrower's poor citizens to an integrated package of social protection and promotion opportunities, including in particular human capital, enhanced employability, and housing improvements in selected provinces.
2. **Component 1. Integrated Area-Based Social Protection and Pro-poor Service Delivery (US\$47.7 million).** Building on the PROSOLI *Progresando Unidos* initiative, this component would contribute to the financing of services and opportunities for extremely and moderately poor CCT households in selected provinces in three areas as follows.
 3. *Sub-Component 1.1. Bridging CCT coverage gaps for eligible extremely poor PROSOLI households (US\$2.04 million).* Using an output-based disbursement approach, this Sub-Component would incentivize the Social Cabinet, through PROSOLI, to implement key operating processes that will be required to increase PROSOLI's coverage of the extremely poor with a view to smoothing their consumption levels and increasing their use of education and health services, all of which contribute to human capital improvements. Given this objective, the reduction of coverage gaps would involve the inclusion of eligible households not only in the CCT food component *Comer es Primero* or CEP (Eating is First), but also in the education components: *Incentivo a la Asistencia Escolar* – or ILAE (Incentive for School Attendance) and the *Bono Escolar Estudiando Progreso* -BEEP (Progress by Studying). Similarly, this Sub-Component will promote the incorporation of eligible extremely poor household members under PROSOLI into the subsidized health insurance regime, provided that these households meet National Health Insurance (SENASA) inclusion criteria.
 4. In the context of the Project and for the purposes of the OBA, **the following PROSOLI key operating processes for the inclusion of new extremely poor households in selected territories** were agreed: (i) Enrollment (including Training of the new PROSOLI households with regard to overall aspects of the Program); (ii) Updating the household information related to: address, household composition (inclusion and / or exclusion of members) and general information about each of the members; (iii) Delivery of the CCT payment card (*Solidaridad* card); (iv) Registration of PROSOLI ICV-1 members between five and 21 years in the School Management Information System; and (v) Registration of households newly incorporated into PROSOLI in SENASA, if applicable.
 5. Similarly, for the registration of eligible households heads and/or PROSOLI members in SENASA, the following SENASA key operating processes have been reviewed and agreed upon: (i) Validation of PROSOLI database; (ii) Visits to eligible households to update household structure, (iii) Data entry of the information gathered and validation with the UNIPAGO database; and (iv) Elaboration and distribution of SENASA ID cards to certify that beneficiaries are able to receive medical care.

6. **Given the nature of the output-based disbursement approach of this Sub-Component**, the Bank and the Borrower have agreed on the size of the households and eligible members' gap categorized as ICV I SIUBEN in the prioritized provinces. Similarly, it was agreed that the unit costs recognized for the key operating processes to include each household per PROSOLI component are as follows: US\$16.81 per household for "*Comer Es Primero*" and US\$5.18 per person for *Incentivo a la Asistencia Escolar* and the *Bono Escolar Estudiando Progreso*. These unit costs, mostly based on estimated labor costs associated to each key process and materials and other inputs to register and issue beneficiary cards, were reviewed by the Bank and found acceptable. With regard to SENASA, it was agreed that the unit cost recognized for key SENASA operating processes to include each eligible PROSOLI household member in the subsidized health regime was US\$2.07.

7. Taking into consideration the above variables and on the basis of the agreed annual goals, and the achievement of the minimum coverage percentage for each component, the Project may disburse up to two times per year (February and August). Output-based disbursements will be calculated by semester, directly linking the amount of indicators achieved by its unit costs, irrespective of the indicator, its percentage, or the semester. The total amount of goals for any specific year should NOT exceed the total amount allocated for that year. Annual unit goals for indicators and annual disbursements are set as ceilings. In the context of the Project, "cutoff date" is understood as the deadline to define the periods that will be evaluated for the purpose of disbursements; for example, for the disbursements of February the cutoff date will be January 1, and August the cutoff date will be July 1st. Retroactive financing might also be used for this.

8. **The verification of compliance with agreed goals** will take place through external evaluation, to be performed by an Independent Verifying Agent (IVA) that will be contracted for this purpose. This IVA will conduct the evaluation concurrently, to be completed one month prior to the months of disbursements (that is, in January and July), and the goals would be considered achieved if: (a) extremely-poor PROSOLI households in selected provinces, who have been given the CCT Card, are capable of making their transactions/purchases in CCT affiliated shops; (b) for the ILAE and *Bono Escolar Estudiando Progreso*, households with delivered payment mechanisms are capable of making transactions/purchases and are registered in the School Management System; and (c) in the case of SENASA, households members have received their affiliation card and have the capacity to demand and receive health care services. The Terms of Reference for this IVA will be included in the Operational Manual of the Project. The firm will be hired in the first three months after effectiveness has been declared.

This table below summarizes the output-based model contemplated under Sub-Component 1.1.

| Total Output Based Goals | | | | 2015 | | 2016 | | 2017 | | 2018 | |
|--|---|--|---|--------------|--|--------------|--|--------------|--|--------------|--|
| Output Based Indicators (OBIs) | Key Operating Processes Unit Costs (US\$) | Target Households/ Household Members (Total Goals) | Projected Output Based Disbursement 2015-2018 | Annual Goals | Projected Output Based Disbursement (US\$) | Annual Goals | Projected Output Based Disbursement (US\$) | Annual Goals | Projected Output Based Disbursement (US\$) | Annual Goals | Projected Output Based Disbursement (US\$) |
| OBI 1 Eligible households ICV1 to be included in the PROSOLI Component CEP | \$16.81 | 60,669 Households (HH) | \$1,019,845.89 | 36,401 | \$611,900.81 | 24,268 | \$407,945.08 | 0 | \$0.00 | 0 | \$0.00 |
| OBI 2 Eligible household members ICV1 to be included in the PROSOLI Component ILAE | \$5.18 | 71909 HH members | \$372,488.62 | 14,382 | \$74,498.76 | 21,573 | \$111,748.14 | 28,764 | \$148,997.52 | 7,190 | \$37,244.20 |
| OBI 3 Eligible household members ICV1 to be included in the PROSOLI Component BEEP | \$5.18 | 33,623 HH members | \$174,167.14 | 10,087 | \$52,250.66 | 10,087 | \$52,250.66 | 10,087 | \$52,250.66 | 3,362 | \$17,415.16 |
| OBI 4 Eligible Household Members ICV1 Beneficiaries of PROSOLI to be included in the subsidized health regime SENASA | \$2.07 | 229,900 HH members | \$475,893.00 | 110,000 | \$227,700.00 | 119,900 | \$248,193.00 | 0 | \$0.00 | 0 | \$0.00 |
| Total | | | \$2,042,394.65 | - | \$966,350.23 | - | \$820,136.88 | - | \$201,248.18 | - | \$54,659.36 |

Data Source: cross checks between SIUBEN database and PROSOLI database with ADESS Payment database for CEP, with Education Centers' MIS for ILAE and BEEP, with SENASA/UNIPAGO Database for SENASA.

Note: Disbursement will be calculated twice a year by semester, directly linking the amount of indicators achieved by its unit costs, irrespective of the indicator, its percentage or the semester. The total amount set for each indicator, is the ceiling to be recognized for that specific year as eligible for financing with Bank proceeds. Correspondingly, the total allocated amount was set to US\$2,042,394.65 for years 2015 thru 2018.

9. *Sub-Component 1.2. Increase access of extremely poor CCT users to housing improvements (Total: US\$19.15 million).* This Sub-Component would complement the CCT contribution to human capital improvements (via compliance with health and education co-responsibilities) through the financing of a housing improvement scheme for extremely poor CCT households, with a view to bridge basic deficiencies that were identified in the SIUBEN 2 survey. Given demonstrated positive impacts on health and on resource constraints, emphasis will be made at this stage on the replacement of dirt floors by reinforced cement floors and on painting of walls.

10. In terms of the target population and eligibility criteria, the Sub-Component envisages the replacement of dirt floors in approximately 7,500 houses in the 14 prioritized provinces of the Project. Eligible CCT households will be categorized as extremely-poor and will have lived in the targeted house for ten years, and must either own their land or have a home that is built on public land. The activities to be carried out will include an assessment of the size of the floors and costs for each eligible house, provision of material to build reinforced cement floor and paint the house, as well as the construction and supervision of works.

11. Given the demonstrative and learning approach of this Sub-Component, the Government has set out to test and learn from two implementation methods to execute the works. One modality would involve NGOs with experience in the execution of similar projects and technical and financial capacity. The second modality, in provinces where NGOs are not present, the works would be carried out by private entrepreneurs.

12. Implementation by NGOs. An evaluation of the capacity of local NGOs carried out by the PROSOLI's Social Infrastructure Unit indicates that various NGOs have demonstrated capacity to implement housing improvement programs at a small scale and, with the exception of a very few, essentially in the southern part of the country (8 provinces of the 14 targeted). It is estimated that about 50 percent of the floors could be constructed by NGOs. The NGOs would be invited to submit "sub-projects" proposals that will be assessed against technical specifications and implementation methods developed by PROSOLI and detailed in the operations manual.

13. Regarding implementation by private entrepreneurs in zones where NGOs are not present, the selection process would be done through competitive bidding procedures, including procurement of Small Works or National Competitive Bidding.

14. A detailed assessment of each house's size and estimation of quantity and cost will be made prior to the launching of the selection process of the constructors and NGOs. The estimated construction and painting cost by family is US\$1,525 (US\$1,800 with supervision and management costs) based on an average area of 25 m². However, to ensure full health benefits of the improvement in the overall living area, the maximum size of the area could be up to 40m² in some cases. It is expected that the houses will be grouped by geographic allotments of 200 units to allow for a cost-effective implementation while allowing participation of small private entrepreneurs. The option to bid for several lots will be allowed. The detailed assessment will define the total area to be covered by each lot.

15. Communication, sensitization (on environmental health) and outreach activities would be carried out within the integrated area-based approach by PROSOLI operations teams and Community Agents (*Enlaces Comunitarios*) under Component 2 and through the “*puntos solidarios*” (information and orientation spaces for users and service providers). Eligible beneficiaries would prepare an application for support and sign an agreement with PROSOLI where their respective contribution will be highlighted. This application would include basic information on family health status. To ensure the quality of works, in particular regarding the stability and quality of cement, iron and sealing, the construction works and supervision will be performed by professionals. Because about 36 percent of the targeted beneficiaries are female headed households, beneficiary households will not be asked to perform heavy labor, but to prepare and clean the site for construction, clean up after construction, and paint walls.

16. *Sub-component 1.3. Increase access of CCT users to productive opportunities (US\$26.5 million).* This Sub-Component aims at increasing access of extremely poor and moderately poor households to productive opportunities through three sets of activities. The first set of activities aims at increasing the employability of young women and men ages 18-29 years in extremely and moderately poor PROSOLI households by providing them with a package of vocational training and apprenticeships to improve their labor market insertion. The Social Cabinet has recently been collaborating very closely with the National Institute of Technical Professional Education (INFOTEP) and the vocational training package will be implemented within the framework of an inter-institutional agreement that was signed between the Social Cabinet and INFOTEP in January 2015 (Project Files).

17. **The Target for this first set of activities is to provide the vocational training package to approximately 40,000 young people** (The potential target population is 260,000), with at least 60 percent of them expected to complete their respective courses within four years. An average cost per trained person was established as US\$590, based on the experience of the Youth Development program (7371-DO).

18. The Sub-Component will provide in-class and on-the-job learning activities. The former will include both technical and vocational courses, as well as life skills training. The program will also include internships in private firms for two months, where participating beneficiaries will be paid according to public sector labor regulations and equivalent to the legal minimum wage at an hourly rate, plus contributions to Social Security. Participants will benefit from a stipend during the duration of the training to address potential exclusion of low-income participants. A higher stipend will be provided to young mothers with children under five years to address potential exclusion of this segment of the target population.

19. **The second set of activities would complement the financing of the package of vocational training and apprenticeships by providing the necessary technical assistance and capacity-building for the successful implementation of this Sub-Component, in particular:** (i) annual diagnostics of employers’ training needs in the Project’s selected provinces, which will inform the content of vocational training; and (ii) Training of Trainers, with a view to ensuring appropriate teaching methods for the low-income target population. The results of the technical assistance will be gradually incorporated into the program, which will begin implementation with existing INFOTEP resources (labor demand and curriculum). Finally,

technical assistance will hire a consultancy to monitor graduates' employment condition, six months after graduation. Social Cabinet will be responsible for hiring these consultancies, with advice from INFOTEP.

20. **Some of the key features operating processes of the PROSOLI Youth Program** can be highlighted here, while details are provided in the Project's Operational Manual. The program will comprise 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 are regulated and by the INFOTEP (National Training Institution). The COS are competitively selected through a bidding process launched by the Social Cabinet. The operating costs incurred by INFOTEP will be reimbursed by Social Cabinet for the evaluation of proposals and supervision of training course delivery. The COS will be responsible for delivering the training courses and identifying vacancies at private firms for beneficiaries to participate in two-month internships. The competitive selection process is defined in the operations manual of the Project, including the payment schedule and accountability scheme. The beneficiaries will be selected by the Social Cabinet, 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 will be notified by the Family Liaison, who will communicate the course options available for that specific round of the training program. Households are responsible for communicating which qualifying member (18-29 years) will 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 will be used for the fortnightly transfer and payment of remuneration during the internship. The Family Liaison, jointly with the Social Cabinet's UTP, will open bank accounts for those beneficiaries that do not have one at enrollment time. Once the information is collected, the Social Cabinet will match beneficiaries to training courses.

21. **The Social Cabinet is responsible for the implementation of the training program and will hire INFOTEP in accordance with the terms and conditions set forth in the inter-institutional agreement and Operations Manual.** Under special circumstances, INFOTEP and the PROSOLI COS will deliver courses directly and Social Cabinet will reimburse operating costs. The inter-institutional agreement establishes payment schemes and amount between Social Cabinet and INFOTEP for services monitoring and evaluation, as well as the supporting documentation. The Social Cabinet will communicate 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 will launch the bidding process to competitively select COS. The COS will submit 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 will receive COS' proposals, evaluate and recommend to the Social Cabinet; and during course delivery, INFOTEP will monitor course delivery and internships. The Social Cabinet will make payments to COS against course delivery according to the arrangements set forth in the contract between these parties. Finally, INFOTEP will be responsible for supervising implementation during in class and on-the-job-phases.

22. **The final set of activities under this Sub-Component complements the priority focus on youth and employability as it will support 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.** An evaluation of options and diagnostics based on international good practice would be carried out and a pilot intervention designed around this initiative. Two additional technical assistance activities are envisaged: (i) regional social-economic diagnostic of micro-entrepreneurship marketing opportunities in the Social Supply Network (RAS) and other marketing channels; (ii) the development and delivery of financial literacy training for targeted CCT households in selected provinces, based on an already existing module that was developed with support from the Ford Foundation and *Fundación Capital*.

23. **Component 2. Strengthening PROSOLI CCT Program and Support to Targeted Households (Total: US\$8.9 million).** To ensure the success of the integrated area-based strategy based on the CCT Program described in Component 1, this Component will strengthen PROSOLI's operative processes and its capacity to effectively link targeted households to newly available opportunities and services in selected provinces through: (i) strengthening PROSOLI coordination and operational processes in the field and its family assistance component; (ii) Strengthening Users' Orientation and Feedback Mechanisms; and (iii) strengthening inter-connectivity of Information Management Systems.

24. *Sub-Component 2.1. Strengthening of the PROSOLI CCT Program's Field-Based Coordination, Operational Processes, and Assistance to Households (US\$4.16 million).* This Sub-Component will finance technical assistance and capacity-building activities to strengthen PROSOLI's field-based coordination and operational processes and to facilitate family assistance, including: (i) mapping of the supply of services offered in selected provinces, so as to be able to identify different government initiatives and complementarity opportunities between them and connect CCT users to those opportunities and services; (ii) strengthening of the Municipal Coordination Committees and the CCT Regional Inter-institutional Technical Committees' capacity to coordinate and solve problems; (iii) consolidation of the decentralized operating structure of PROSOLI to enhance the efficiency of field processes (revision and updating of operating processes and procedures and identification and implementation of training for PROSOLI field staff, within the context of the new area-based service delivery strategy; (iv) Identification and implementation of technological solutions that will expedite operating processes in the field; and (v) Awareness-raising activities on environmental health and healthy practices for beneficiaries of housing improvements defined under Part 1 to maximize the health benefits associated with improved living conditions.

25. *Sub-Component 2.2. Improving Users' Orientation and Feedback Mechanisms (US\$2.7 million).* This Sub-Component will strengthen users' orientation and feedback mechanisms through two main set of activities. First, it will enhance users' orientation and easy access to information through the expansion of the number of one-stop service points or *Puntos Solidarios* and the strengthening of their role. Enhancements will also be made to provide more timely responses to users' claims and complaints. Specific activities include the following: (i) expansion of the number of *puntos solidarios* so that they are represented at the municipal level in the 14

selected provinces;¹⁷ (ii) Development of operational guidelines for these units; and (iii) Staff training in the use and management of the “*Punto Solidario*” System and Customer Service.

26. Second, it will build on the successful pilot of the Community Report Cards (CRCs) to: (i) support its extension to the 14 prioritized provinces of the Project (implementation of the RC in five percent of the PROSOLI Households Nuclei who have had no access to the tool yet); (ii) improve the tool based on lessons learned from the pilot;¹⁸ (iii) introduce ICT solutions to enhance the program information management, transparency and linkages to the Monitoring and Evaluation System (automatization of scoring systems when possible; publication of Follow-up Action Plans in the website and relevant public spaces); and (iv) pilot ICT based tools in selected facilities and corner shops (*colmados*) to increase independent beneficiary feedback to expand/increase citizen feedback. Finally, TA and Capacity building will be provided to enhance the integration between the CRCs and the other social accountability tool of *Punto Solidario*.

27. *Sub-Component 2.3. Strengthening Inter-connectivity of Information Management Systems (US\$2.04 million)*. This Sub-Component will fund the technical assistance and technological infrastructure required to strengthen inter-connectivity between information management systems of major providers in the Project (PROSOLI – ADESS – SIUBEN – SENASA – INFOTEP). Specifically, it will seek to introduce concepts and tools to develop a more integrated information management, rationalize customer service processes and protocols between institutions (PROSOLI, ADESS, SIUBEN), and increase user friendliness and accessibility of information. This in turn will enable a more consistent and integrated use of ICT to integrate citizen feedback in the information system and have real-time information on service provision quality.

28. Currently, customer service tellers at PROSOLI, ADESS and SIUBEN, receive a significant number (almost two million per year) of inquiries, complaints and claims. Data are used to design maps, group them according to claim, complaint and inquiry types, which are then channeled according to protocols to the entities responsible for the service. However, they are not used to measure the service efficiency level (quality indicators are used, such as response time and problem solving time). In addition, data are not published in the websites of the institutions in a user-friendly format (or are not published at all), and user feedback is almost non-existent.

29. This Sub-Component will therefore contribute to improving transparency levels of the program, to help closing the feedback loop between citizens and government, and increase government responsiveness. Furthermore, the integration of existing assistance tellers and the digitization of verification and responses may also contribute to reducing field visits and duplication of efforts by various institutions.

¹⁷ As of June 2014, the estimated required number of *Puntos Solidarios* Spaces is 70 (one in each district of the 14 provinces). Bank financing will support adapting existing physical spaces for establishment of the “*Punto Solidario*” counter and the provision of basic furniture, computer equipment, communication equipment and Internet connection (The estimated unit cost is US\$5,500).

¹⁸ See Annex 7 on Pilot lessons. TA and Capacity-building activities would support improvements to: (i) foster better inter-institutional coordination and integration of databases with field information; (ii) rationalize the process (simplification of the methodology and questionnaires; incentivizing participation of service providers and vulnerable groups); and (iii) enhanced follow-up process (three additional months compared to current time period).

30. The activities in this Sub-Component are as follows:
- a) Optimization of data processing protocols in the various citizen assistance tellers, related to: information and claims requests by the citizens, satisfaction survey.
 - b) Development and integration of follow-up and claim response systems with the Customer Relationship Management (CRM) form (WEB to SMS) and the corresponding performance indicators.
 - c) Introduction of interactive geo-referenced maps of service providers.
 - d) Publication of service performance data in the websites of the different institutions.
 - e) Development of integration services for the interinstitutional systems: SIUBEN, ADESS, PROSOLI, INFOTEP MINERD, MSP, among others.
 - f) Design and implementation of the interinstitutional management system for data requirements.
 - g) Acquisition of hardware and software to adapt existing platforms on the institutions belonging to the social safety net to make them able to participate in the interoperability platform for the exchange of information.

31. **Component 3. Enhancing Equity and Results-orientation (US\$16.95 million).** This Component would complement targeted interventions at the territorial level with institutional strengthening at national policy level to sustain progress in building blocks of the social protection system, with a view to continue enhancing equity and efficiency in social spending. To this end, the component would finance activities to strengthen: (i) the SIUBEN as the primary targeting instrument; and (ii) evidence-based policy making by the Social Cabinet and citizen oversight to improve the quality of services.

32. *Sub-component 3.1. Strengthening SIUBEN's Targeting Instrument (US\$10.2 million).* This Sub-Component will contribute to the consolidation of SIUBEN as an accurate and adequate targeting instrument through two main sets of activities. The first set of activities will finance the updating of the SIUBEN data base through a Third Socio-Economic Survey (SIUBEN 3) including the financing of part of the survey preparation requirements; technical assistance to improve efficiency in the updating processes, based on lessons learned from the previous survey financed by the DR Social Protection Investment Project; the survey process itself and subsequent activities for verification and use of data; as well as a review of the Life Quality Index. In order to update households' information and therefore improve the targeting processes of social programs and social policy planning in general, SIUBEN 3 will combine: (i) a recertification process for already surveyed households; and (ii) an inclusion process for new households in poor areas. Extremely poor households are already being incorporated, although the exit strategy has not yet been finalized.

33. The second set of activities will focus on strengthening of the SIUBEN as an information provider for social policy decision making. Targeted activities include: (a) support for the development of regulations favoring the establishment of the SIUBEN as a single registry of beneficiaries for social programs; (b) design of inter-sector and inter-institutional protocols and agreements; and, (c) support to the development of a technological platform for data exchange and use with other public institutions.

34. Lastly, and in order to better capture area-based poverty and further inform policy, this Sub-Component would also finance a comparative study between SIUBEN data (households) and national census data (in cooperation with the Ministry of Economy, Planning, and Development), which will allow to capture the context of households in terms of availability of basic services.

35. *Sub-component 3.2. Enhancing Results-orientation (US\$1.90 million).* This Sub-Component aims at improving results-orientation within the Social Cabinet through three main series of activities. The first set of activities will finance the design and implementation of a process evaluation and an impact evaluation for the territorial, integrated social protection strategy that this Project supports. It will also finance specific impact evaluations for Sub-Components such as the housing improvement (1.2) and the vocational training (1.3) Sub-Components.

36. The second set of activities focuses on a more systemic approach to strengthen evidence-based policy making within the Social Cabinet and beyond PROSOLI. Specifically, priority will be given to the strengthening of the Integrated Monitoring and Evaluation System (SIME). Through the support of the current Bank Social Protection Investment Project, this system was developed and has started working as an inter-connectivity platform of the data processing systems of the three core entities of Social Cabinet: SIUBEN, the CCT PROSOLI Program, and the ADESS. With this Project, the SIME system would be extended to the nine social programs that are mapped to the Social Cabinet, and possibly to other partner institutions such as the Vocational Training INFOTEP. The Social Cabinet's underpinning vision is to avail of a comprehensive platform to exercise systematic follow-up of the social policy as a whole to: (i) determine progress made on social protection outcomes; (ii) contribute to evidence-based decision making to improve interventions; and (iii) quantify results and public value delivered to the society as an accountability process from the social sectors. The SIME system modules relate to: (i) administrative and financial management; (ii) operation monitoring; (iii) Tracking of Results in terms of users' behavior change;¹⁹ and (iv) longer term impact evaluation. The operation monitoring module will be used as a learning exercise to adjust the subsequent modules.

37. Activities, which involve the financing of services such as consulting, non-consulting, operating expenses, training and acquisition of assets, will include the: (a) update of social protection programs and social interventions inventory; (b) improvement of the quality of administrative records of GCPS entities that will link their information with PROSOLI (rapid diagnostic and workshop to improve administrative records; (c) integration of administrative records of GCPS entities to the PROSOLI database (defining periodicity, file formats, protocols, interface, etc.); (d) development of the SIME operational monitoring module and development of other modules; (e) automatization of monitoring reports for CCT co-responsibilities and other relevant PROSOLI performance indicators; and (f) training of GCPS entities in the use of SIME modules.

¹⁹ In education for example, expected behavior changes that will be tracked include enrollment, school attendance and retention at the different levels of education. In health, households developing family planning practice, observe personal hygiene rules and in the preparation of food, prepare food according to nutrition schemes, and increases the assistance to the health services. In terms of social capital, the households are organized to support the joint management of the Program, and in the field.

38. A third set of activities will involve activities aimed at strengthening the capacity of all GPCS entities in terms of results-oriented planning, budgeting and execution.

39. *Sub-component 3.3. Promoting Innovation and Policy Development (US\$1.85 million).* This last Sub-Component will support a flexible set of technical assistance and capacity-building activities to inform social protection debates and reform in the DR including, among others, pro-poor social policies that could complement targeted programs such as PROSOLI, with housing and productive inclusion as important features. Furthermore, technical assistance to take stock and further enhance gender equity and inclusiveness of the CCT Territorial Strategy and overall Program will be provided. Within the area of inclusiveness, issues of mainstreaming the inclusion of People with Disabilities within the Program will be considered.

40. *Sub-component 3.4. Support to the Project Coordination and Implementation (US\$3 million).* Given the territorial approach of the Project, the already existing heavy workload of the PIU, the technical-administrative areas of the PIU unit will be strengthened and include an additional procurement officer and an operating officer who will work as a trouble-shooter to ensure smooth and agile delivery of key operating processes. This will be especially required given the involvement of partner institutions and various provinces. This Sub-Component will involve the procurement of goods, consultants, and non-consultant services.

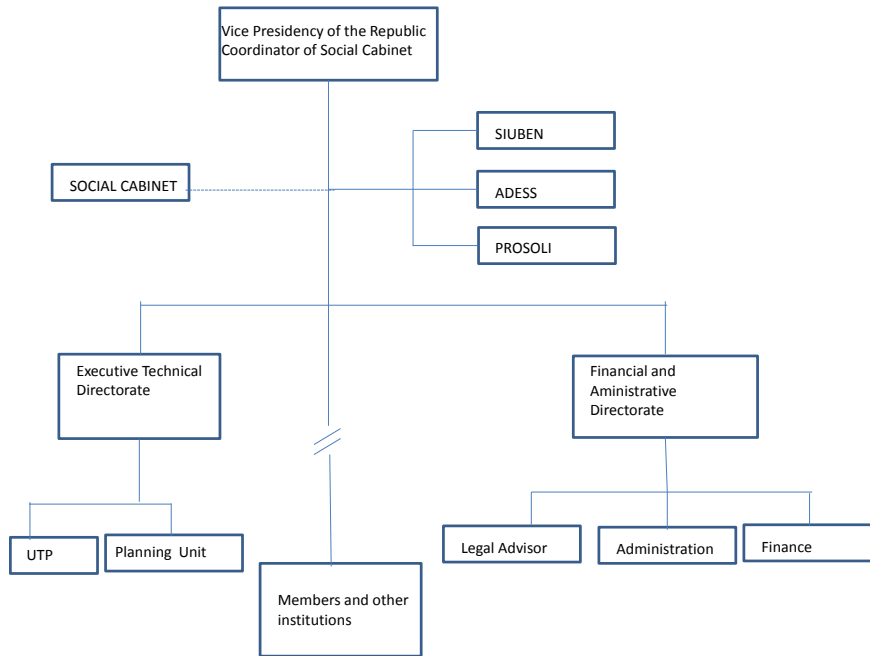
41. In addition, this Sub-Component will finance the financial audit of the Project, the information technology equipment required to operate the Project at central and territorial level, training expenses for implementation units of the Project and operating expenses in general. Finally, and based on lessons learned from SIUBEN 2 under the current social protection loan, it will strengthen the internal support units while the SIUBEN is conducting SIUBEN 3.

Annex 3: Implementation Arrangements

DOMINICAN REPUBLIC: INTEGRATED SOCIAL PROTECTION AND PROMOTION PROJECT

1. The Social Cabinet, through its Program Coordination Unit (UTP) will be responsible for overall coordination and execution of the Project, including all fiduciary tasks (procurement, financial management, and safeguards). The UTP has extensive experience with Bank-financed projects and will be strengthened during implementation of the Project by incorporating additional staff to provide technical and fiduciary support.
2. The Social Cabinet is the institutional entity that plans, coordinates, manages, administers, executes, and evaluates programs included in the Social Protection system of the Dominican Republic (Presidential Decree 28-01, 1082-04 y 1251-04). The Vice-President of the Republic is the coordinator of the Social Cabinet, which is comprised of an Executive Technical Department (ETD), an Administrative Department, and a Civil Society Advisory Council, as well as associated public member institutions. The Social Cabinet also implements the Poverty Reduction Strategy through the Social Protection Network. This Network includes PROSOLI, ADESS, and SIUBEN. Other institutions make up the Social Cabinet's Council for the Coordination of Social Policies; these institutions include the: Administrative Ministry of the Presidency, Ministry of Economy, Planning and Development, Ministry of Education, Ministry of Public Health and Social Assistance, National Institute for Professional Technical Training, and National Commission of Social Security.
3. The UTP is located within the ETD and works with all the other Departments in the Social Cabinet to implement projects (Ministerial Resolution No. 07-2009). The UTP is also responsible for the implementation of other externally financed projects and national programs, and its fiduciary capacity has been strengthened with both national and international funds.
4. The UTP has performed well in the current Social Protection Investment loan and its fiduciary capacity has been assessed by the WBG's team and found acceptable. The UTP is now well-staffed, with a Coordinator, and Technical, Procurement, and Financial Management teams. However, given the territorial approach of the Project and the existing workload of the UTP, the unit will be strengthened under the operation, including the hire of an Outreach Coordinator to supervise and ensure delivery of regional activities. The Outreach Coordinator would also play the role of trouble-shooter and facilitate the removal of bottlenecks, as well as specific technical and fiduciary assistance during the high flow of processes at the beginning of the Project and during the higher work flow under the housing component.
5. The organizational chart below describes the Social Cabinet's units participating in the execution of the Project.

Figure 1. Structure of the Social Cabinet (PCU is the UTP)



Institutional and Implementation Arrangements

6. As fiduciary agent for the Project, the Social Cabinet/UTP will be responsible for project coordination and implementation, including procurement, financial management and disbursements under the oversight of the ETD.

7. The Project would consist of three components with Sub-Components as described in Annex 2. Sub-component 1.1 (bridging CCT coverage gaps for extremely poor eligible PROSOLI households) will be output-based. The remaining Sub-Components will be based on Statement of Expenditures.

8. For Sub-Component 1.1, the technical responsibility will rely on PROSOLI, since it will play the lead coordinating role and is the agency responsible for bridging the coverage gaps for extremely poor households. PROSOLI is the conditional cash transfer (CCT) program that is the DR’s flagship social program, created under Presidential Decree 536-05. Other relevant actors include: the Ministry of Education (MoE), the Subsidized Health Insurance (SENASA), and ADESS. The MoE and SENASA will be in charge of providing the education and social services provided in the Project. ADESS is a technical, financial and administratively autonomous entity (Presidential Decree No.1560-04) in charge of administering and paying social subsidies (including CCT Transfers) and administering contracts with the different providers of social subsidies.

9. PROSOLI will coordinate with ADESS, MoE, and SENASA for the provision of the services to the beneficiaries of the Program and in preparing the required evidence to document the output-based disbursement mechanism. The disbursement mechanism covers the costs of the operational processes to ensure that the goals described in Annex 2 are achieved. Eligible costs under this Sub-Component include operational costs and recurrent expenditures of non-

procurable items, including reasonable and necessary incremental expenses incurred with respect to Project implementation, management and monitoring (communication, editing, printing and publication, translation, vehicle operation and maintenance, bank charges, local travel costs and field trip expenses, office rentals, utilities, equipment and supplies, among others).

10. An independent verifying agent (IVA) will be hired to evaluate the achievements of goals and certify disbursements. The Terms of Reference for this IVA will be included in the operational manual of the Project. The IVA will provide a certification report every six months and any adjustment will be introduced in the consecutive disbursement of this component within one year of execution. The IVA will submit reports in January and July and the disbursements will be executed in February and August.

11. Output-based disbursements will be linked to the goals achieved per certification reports and their unit costs, as outlined in the operational manual. The Social Cabinet will enter into an updated Subsidiary Execution Agreements with SENASA—to reflect their partnership in the operation. An existing agreement with the Ministry of Education already exists and will allow sound implementation of this Sub-Component.

12. **Other Sub-Components will be implemented through standard administrative procedures.** As explained in Annex 2, Sub-Component 1.2, *Increase access of extremely poor CCT users to housing improvements*, will finance housing improvements through two implementation methods to execute the works with related procurement methods as follows. First, in selected Project areas with presence of qualified NGOs, NGOs will be invited to a call for proposals through a standardized process that is detailed in the Operational Manual. Procurement under Subprojects will follow the provisions of the Procurement and Consultant Guidelines using the Community Driven Development (CDD) approach and simplified processes. The supervision of these works will be conducted by private sector firms, to be competitively selected following the WBG's Consultant Guidelines. Second, in other areas with no NGOs' presence, implementation by private entrepreneurs will be the preferred implementation method and competitive procurement of private sector contractors will be used, following the World Bank's Procurement Guidelines. It should be noted that not only will the UTP will be strengthened with specialized technical assistance, it will also benefit from its current experience in implementing infrastructure projects externally financed by other partners. Administrative and operational costs will also be covered by this Sub-Component.

13. Sub-Component 1.3, *Increase access of CCT users to productive activities*, involves the participation of several other public and non-profit organizations, such as Private Training Providers (*Centros Operativos del Sistema*, or COS) and INFOTEP. The overall responsibility for the implementation of Sub-Component 1.3 lies with the Social Cabinet. The UTP will be responsible for launching the call for proposals to select private sector training institutions. INFOTEP will evaluate proposals, and provide technical supervision of training courses. The UTP is responsible for the supervision of internships in private firms. UTP will pay INFOTEP according to the scheme set forth in the Memorandum of Agreement (MoA) between the Social Cabinet and INFOTEP. The MoA spells out the responsibilities between the Social Cabinet and INFOTEP for the implementation of this Sub-Component, and it will be signed prior to the implementation of any activities under the Sub-Component. In the cases where INFOTEP and PROSOLI COS will provide training courses, these institutions will be engaged as part of the implementation arrangements of the Project and will receive funds as Operational Costs.

14. The rest of the components will be implemented using regular administrative procedures and following the procurement and financial management guidelines for WBG financed projects.

15. Regarding **implementation on the ground at the territorial level**, specific implementation arrangements and field-based coordination in selected provinces are outlined in the Project's operational manual. The CCT PROSOLI Program, which will play a key coordinating role, will build on its decentralized operative structure, which will be further strengthened under Component 2. It is worth noting that the CCT PROSOLI Program counts with an Operations Manual that sets out the basic operating principles of the Program and which is therefore a key reference document for this Project. It is also worth noting that PROSOLI currently has nine Regional Cross-Sectoral Technical Committees (CTRIS), which will allow it to cover the 14 provinces targeted by this operation. All relevant institutions linked to the Project are represented in these committees (Annex 7, Table 7.1). In addition, inter-institutional agreements will be signed or amended as needed with SENASA for Sub-component 1.1 and with INFOTEP for Sub-Component 1.3.

Arrangements for Results Monitoring and Evaluation

16. The CCT PROSOLI has greatly improved its monitoring and evaluation system since its overhaul in 2009. On a permanent basis, field supervisors and household liaison agents (*enlaces familiares*) make visits to households to update information, and quarterly reports are prepared on the CCT Program execution and actions for improvement. In addition, annual monitoring is provided through: (i) surveys to support timely detection and solution of operating problems; and (ii) generation of indicators on the program's operating status with regard to Education Centers, Primary Health Care Units and corner shops (*colmados*) that make up the Social Supply Network (RAS). Beneficiaries' surveys also gather information about users' perceptions on different operating aspects of the Program, as well as their opinion about the quality of the services they receive from schools, *Unidad de Atención Primaria* or Primary Health Care Unit (UNAP), corner Shops and from PROSOLI personnel. The Social Cabinet recently revived an Office for Monitoring and Evaluation that extends beyond PROSOLI, and which will be strengthened as part of Sub-Component 3.2.

17. Given the multisectoral nature of the Project and the involvement of different partners, the UTP will be responsible for centralizing the monitoring of the Project's intermediary results and outcomes, with close liaison and technical support from the Social Cabinet's Unit for Monitoring and Evaluation. Specifically, the UTP will be responsible for collecting data from the relevant agencies as detailed in Annex 1: the CCT PROSOLI Directorate for Sub-Components 1.1 and 1.2 on CCT Coverage gaps and Housing Improvements; INFOTEP for Sub-Component 1.3 (given its responsibility with the delivery of the PROSOLI Youth Employment Package); SIUBEN for Sub-Component 3.1; and the Technical Directorate of the Social Cabinet's for Intermediary Outputs linked to Sub-Component 3.2- with shared responsibility with PROSOLI for the reporting on Community Scorecards. Legal Inter-institutional agreements between the CCT PROSOLI and key partners for the delivery of Sub-Components 1.1. (Ministry of Education, SENASA) and 1.3 (INFOTEP) will outline the responsibilities of such entities to provide timely information to PROSOLI under the Project. On the basis of such data collection, the UTP will prepare and publish two semi-annual progress reports. Regarding Sub-Component

1.3, it will include surveys to track the employment status and income level of program graduates after completion of the PROSOLI Youth Employment Program.

18. Finally, a comprehensive impact evaluation will be carried out for the area-based integrated service delivery approach under Component 1. A particular area of interest will be to explore changes in basic living conditions of eligible households who received more than one intervention to assess the impact of cumulative interventions: CCT inclusion, linkages to scholarships and SENASA, and housing improvements. This evaluation will also include the impact evaluation for the specific Sub-Components of housing and PROSOLI Youth Employment Training.

Financial Management, Disbursements, and Procurement

Financial Management

19. In May and June, and updated in August 2014, the Bank performed a financial management (FM) and risk assessment of the Social Cabinet UTP to implement a US\$ 75 Million, 100 percent IBRD loan-financed Project. Having the SC/UTP to handle FM aspects is aligned with the Bank preferred approach to strengthen and use country systems where appropriate and feasible. The Social Cabinet has implemented an automated FM information system to implement projects with external resources, the FM Integrated Country System (UEPEX –Spanish acronym for *Unidad Ejecutora de Proyectos Externos*), a sub-system of the *Sistema Integrado de Gestión Financiera (SIGEF)*; therefore, no ring-fencing is required for Project implementing unit, nor for its FM system.

20. The Social Cabinet, through its UTP is currently implementing a US\$19.4 Million Social Sector Investment Program (P090010), approved on August 2, 2007, to close on June 30, 2015. On September 17, 2009 the Board approved a US\$10 Million Additional Financing. Although the Project contemplates coordination with other public entities to implement Project activities, such as the Ministry of Education (MINERD), the Ministry of Economy, Planning, and Development (MEPyD), the *Seguro Nacional de Salud* (National Insurance System -SENASA), and the *Instituto Nacional de Formación Técnico Profesional* (INFOTEP), among others, the SC/UTP will be the single fiduciary entity for the Project.

21. The SC/UTP will follow established financial management (FM) procedures included in the Project Operations Manual. For country specific laws and regulations, the Project will follow those applicable, per Social Cabinet's financial arrangements, including:

- The Social Cabinet's Financial Management Manual, which includes the entity's internal control system
- DR Government Financial Guidelines
- Ethics Code for employees
- DR Public Procurement
- Taxes and duties, paying attention to exemptions applicable to social sector programs
- Organizational functions and roles
- Access to Information Law, in line with Bank policy. The Social Cabinet's webpage

www.gabsocial.gov.do includes a transparency tab with relevant information on its financial transactions. The audit report will also be displayed at the Court of Accounts webpage www.camaradecuentas.gob.do

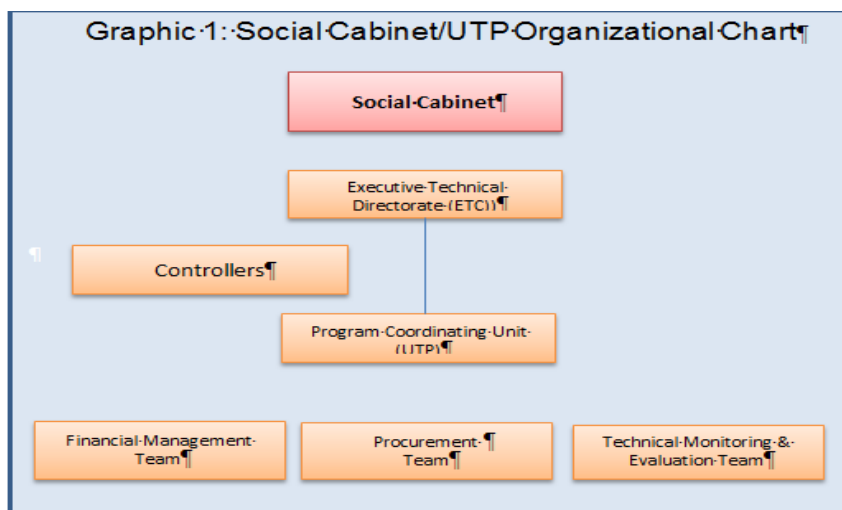
22. The SC/UTP receives all budget allocated in the approved Annual Budget Laws. Allocated thresholds in the annual budget often times do not reconcile with allocations in the Annual Project Operating Plans. To mitigate implementation bottlenecks which might hamper disbursements caused by cash shortage, the Project team at SIUBEN/UTP, with Bank support will proactively engage with governmental officers in charge of authorizing budget allocations. Besides IBRD Projects, the Social Cabinet/UTP is also implementing IADB-financed operations. With adequate staffing arrangements, the entity has qualified accountants on its financial management functions, all of them graduate accounting professionals, with experience handling FM arrangements for donor funded Projects, and commensurate with the Project scope. Additional workload and other internal control consideration, such as segregation of duties may require further expansion of the Project FM Team.

23. The SC/UTP keeps adequate records of financial transactions. Its accounting and supporting documents are retained in a defined system which allows easy access to authorized users. Such records include an up-to-date cash book, bank statements and bank account reconciliations. Its chart of accounts will be adjusted to reflect Project components, categories and activities for recording and reporting purposes. Internal controls, such as automatic reconciliations, banking reports, and user access, are embedded into the system, further expanded in the Operations Manual. Interim Unaudited Financial Reports (IUFRRs) with relevant data and update on key FM aspects will be submitted semiannually, 45 days after the end of reporting period. Its format was agreed during negotiations and is attached to the Operations Manual.

24. The annual external audits for the current Bank-supported Project, performed by external audit firms, yielded unqualified (clean) opinions on the financial statements throughout the life of the active Project. The audit team has not found any material weaknesses on the internal control environment. The auditors identified minor deficiencies and reported in separate management letters. The Project team has paid close attention to expeditiously address them with due diligence and care, promptly resolved and closed. Not a single one has come up as recurrent issue, although there were recurrent instances having to do with the need to improve the reporting features of the FM country information, outside of the span of control of the SC/UTP. The Bank has supported the Ministry of Finance, to address them. The due date for submission of the Project annual reports for this Project is four months after the end of the audited fiscal year. Aiming to enhance transparency and accountability in the public sector, a copy of the audit report will be submitted to the DR Supreme Audit Institution (SAI), the Chamber of Accounts. The SC/UTP and the Bank will display annual audit reports at the websites, once reviewed and accepted by both parties, to comply with Bank Access to Information Policy, and DR Access to Information Law.

25. The Social Cabinet/UTP will use its current FM structure to implement this Project, which is commensurate with Project scope, per Graphic 1 below. The SC/UTP FM Team will face challenges of complex multisectoral implementation features for the Project requiring them to master soft skills coupled with inter-institutional coordination abilities. Although current FM

work is undertaken by qualified staff, if additional workload and the need to keep adequate segregation of duties require it, the Project will hire other FM members, following terms of reference inserted in the OM. The Social Cabinet/UTP structure is presented below:



26. The scope of the risk-based FM implementation support missions will be comprehensive, with customized training during the start-up phase, and full on-site supervision plus desk reviews at least once a year thereafter until Project Closing Date.

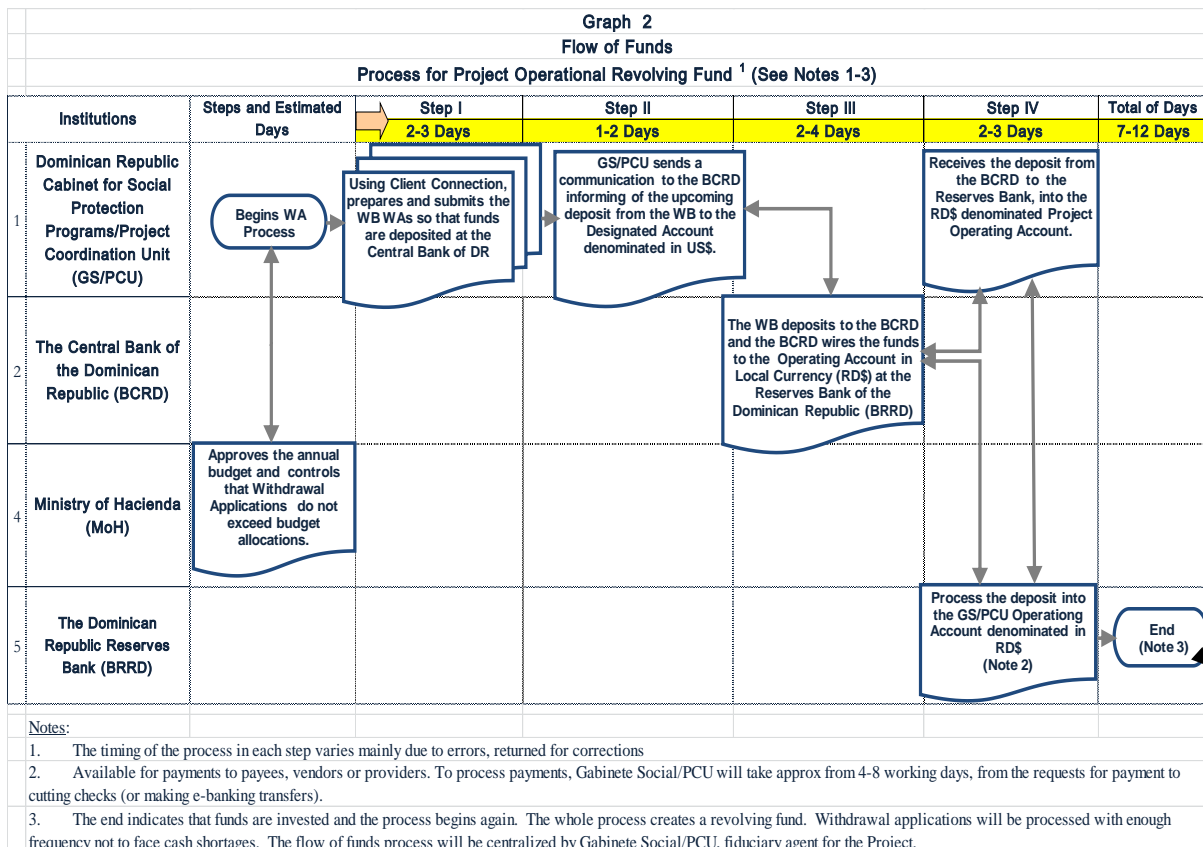
27. The Project costs in Table 1, Section III.B of the PAD will be 100 percent Bank-financed. The following Table 3.1 summarizes Project components, Sub-Components and categories of eligible expenditures that may be financed out of Loan proceeds.

Table 3.1 Project Costs:

| Component, Sub-Component/Category | Amount Allocated (in USD) |
|--|---------------------------|
| <p>Component 1. Integrated Area-Based Social Protection and Pro-poor Service Delivery.</p> <p>1.1. Bridging CCT coverage gaps for eligible extremely poor households (US\$2.04 million).</p> <p>1.2. Increase access of extremely poor CCT users to housing improvements (Total: US\$19.15 million).</p> <p>1.3. Increase access of CCT users to productive opportunities (US\$26.5 million).</p> <p>(1) Categories: OBDs in 1.1, Works and Subprojects in 1.2, Training, Stipend for Eligible Beneficiaries, Per Diems and remuneration for Eligible Beneficiaries, Learning Courses, and operating costs for INFOTEP and PROSOLI in 1.3, Goods, and Consultants' Services, and Non-Consulting Services under Component 1 of the Project.</p> | 47,700,000 |
| <p>Component 2. Strengthening PROSOLI and Support to Targeted Households</p> <p>2.1. Strengthening the PROSOLI CCT Program's Field-Based Coordination, Operational Processes, and Assistance to Households (US\$4.16 million).</p> <p>2.2. Improving Users' Orientation and Feedback Mechanisms (US\$2.7 million).</p> <p>2.3. Strengthening Inter-connectivity of Information Management Systems (US\$2.04 million).</p> <p>(2) Goods, Non-consulting Services, Consultant Services, Training under Component 2 of the Project.</p> | 8,900,000 |

| | |
|---|-------------------|
| Component 3. Enhancing Equity and Results-orientation 3.1. Strengthening SIUBEN's Targeting Instrument. (US\$10.2 million) 3.2. Enhancing Results-orientation (US\$1.90 million). 3.3. Promoting Innovation and Policy Development (US\$1.85 million). 3.4. Support to Project Coordination and Implementation (US\$3 million) (3) Goods, Non-consulting Services, Consultants' services (including Project audits), Training, for Component 3, and Operating Costs of SIUBEN overall Project implementation (Components 1-3). | 16,950,000 |
| (4) Unallocated Funds | 1,270,000 |
| (5) Front-end Fee | 187,500 |
| [(6)] Interest Rate Cap or Interest Rate Collar premium | |
| TOTAL AMOUNT | 75,000,000 |

28. Retroactive financing will be allowed for eligible expenditures starting one year prior to the signing date of the Legal Agreement, not to exceed US\$1,400,000.00. The Project will open two segregated accounts: (a) a Designated Account in the Central Bank of the DR denominated in US\$1,250,000.00, and will send Withdrawal Applications to Bank together with SOEs and/or Summary Sheet with Records accounting for advances from the Bank, and (b) an Operating Account denominated in local currency (Dominican pesos–RD\$), in the DR Reserves Bank (BANRESERVAS), per flowchart Graph 2 below:



Disbursements

29. Disbursements would flow according to traditional methods indicated in paragraph above, except for Component 1.1. With regard to this Component, output-based disbursements will be presented as Reimbursement and would be made against eligible outputs to be reported in customized SOEs for Sub-Component 1.1 - Bridging CCT coverage gaps for eligible extremely poor households (Total: US\$2.05 million). Unit costs recognized for the outputs for the key operating processes to include each household per PROSOLI component were calculated as follows: for "*Comer Es Primero*" will be US\$16.81 per household, for *Incentivo a la Asistencia Escolar* and the *Bono Escolar Estudiando Progreso* will be US\$5.18 per person and for PROSOLI household member included in the subsidized health regime will be US\$2.07. Withdrawal applications will be documented on customized SOEs on the basis of the results of relevant independent verifying agent (IVA) on agreed annual goals set in the table summarizing the output-based model in Annex 2. The project may disburse up to two times per year (February and August) and prior to submission of an application to the Bank, a certification report technically audited by IVA should be furnished to the Bank confirming the outputs delivered all in accordance with the provisions of the Operational Manual. The same procedures set forth above will apply to Retroactive financing expected for this Sub-Component.

30. Certification that outputs reported for disbursement purposes are physically delivered and meet required quality and standards, in line with the specifications foreseen will be done by independent verifying agent (IVA). Unit costs might be adjusted if costs vary significantly. The IVA will review outputs delivered and of the unit cost in the Project to assess whether meaningful variances exist between actual expenditures and disbursements made against the pre-estimated unit costs of outputs. The IVA report will be used as one of the 'information mechanisms' to conduct adjustments in setting or resetting the unit costs of outputs to be considered at Project mid-term, or at any other stage of the Project when variances are deemed to be greater than 15 percent of the unit costs.

31. Direct Payments and Reimbursements from the Loan Account may also be used, provided the Withdrawal Application value is above the Minimum Application Size of US\$250,000.00. Disbursements will be documented on the basis of SOEs, except for goods, non-consulting services and works exceeding US\$250,000 equivalent; contracts with consulting firms and with individuals above US\$100,000, which will be supported by Summary Sheets (SS) and Records. The frequency for documenting eligible expenditures paid from the DA will be at least once every quarter with the flexibility of more frequent, if needed.

32. Selected Subprojects with Eligible NGOs will carry out activities of housing improvements under Sub-Component 1.2. The disbursement mechanism for subprojects will operate as follows: After the conclusion of a sub-project agreement, the Social Cabinet will advance 10% in installments to the NGO's and to be deposited in the NGO bank account. The NGOs would then submit documentation on the use of the first installment, and based on the documentation of the first installment together with physical progress, they would receive the second installment and so on. Disbursements will thus be made on a lump-sum basis. The Social Cabinet will monitor individually, the funds advanced to subprojects, its purpose and status of project implementation. All sub-project activities would also need to be completed prior to the Closing Date.

33. In summary, the Bank concludes that the Social Cabinet/UTP has the capacity to handle loan proceeds. Basic FM arrangements, including disbursements, will be similar to those in place for the previous investment lending operation, and, although FM training is scheduled during Project launch, it is not expected that the learning curve of the SC/UT key Project staff will be steep. The scope of the Bank risk-based FM implementation support missions will be comprehensive, with customized training during the start-up phase, and full on-site supervision plus desk reviews thereafter.

Procurement

34. Procurement will be carried out in accordance with the World Bank “Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits and Grants, January 2011, revised July 2014”, and “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers January 2011, revised July 2014” in addition to the provisions stipulated in the Legal Agreement. The various items under different expenditure categories are described below. For each contract to be financed by the Loan, the different procurement methods or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements, and time frame are agreed between the Government of the Dominican Republic and the Bank in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity. The procurement procedures and standard bidding documents (SBDs) to be used for each procurement method, as well as model contracts are posted on the web site worldbank.org.

35. Procurement arrangements

- a. *Procurement of works.* The Project will finance minor housing rehabilitation to eligible households under Sub-Component 1.2. As outlined in Annex 2 and above in this Annex (Para. 11), this Sub-Component will use two types of procurement arrangements. In selected areas with presence of qualified NGOs, NGOs will be invited to a call for proposals through a standardized process that is detailed in the Operational Manual. Procurement under Subprojects will follow the provisions of the Procurement and Consultant Guidelines using the Community Driven Development (CDD) approach and simplified processes. Standard Bidding Documents acceptable to the Bank will be used for the procurement of works. The eligibility criteria, selection methods and general implementation mechanisms for the Subprojects will be developed and included in the PAD and operational manual. In areas with no such presence of qualified NGOs, the competitive procurement of private sector entrepreneurs will be used, following the Bank’s Procurement Guidelines to provide these services.
- b. *Procurement of Goods and Non-consulting Services (NCS).* Goods and Non-Consulting Services procured under this Project will be carried out using the Bank’s SBD for all International Competitive Bidding (ICB) while for National SBD and Shopping (Request for Quotations) documents agreed with or satisfactory to the Bank will be used.
- c. *Selection of Consultants.* Consulting services would be required technical assistance and capacity building, among others. Short lists of consultants for services estimated to cost less than US\$200,000 equivalent per contract may be composed entirely of national

consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

- d. *Subprojects*: Implementation of subprojects to engage NGOs with relevant experience on housing improvement under sub-component 1.2. NGOs will be invited to a call for proposals through a standardized process that will be detailed in the Operations Manual. Goods and services to be procured under subprojects will follow the provisions of the Procurement Guidelines.

36. Selection of Training Providers under Sub-Component 1.3 will follow procedures consistent with 3.19 of the Procurement Guidelines. This Sub-Component will be implemented by the UTP, who will launch the Call for Proposals and sign the contracts with Independent Training Institutes (COS). Eligible COS registered in INFOTEP's authorized registry (RECOS) will be hired competitively to provide training courses under this Sub-Component. These courses will be selected through a competitive grant scheme following 3.19 of the Procurement Guidelines. In general, the courses will follow the procedures previously tested under DO Youth Development Project, with necessary revisions, which will be detailed in the Operations Manual. INFOTEP will provide technical assistance for the evaluation of proposals and technical supervision of the training courses, in addition, INFOTEP will also be delivering courses in rural, remote and disadvantaged areas. PROSOLI COS will also be engaged to provide training courses in the topics and geographical areas agreed for the Project, the engagement of PROSOLI COS will be done under implementation arrangements, as these COS are not eligible to be hired by the Project. INFOTEP and PROSOLI COS costs will be covered by the Project through Operational Costs.

37. Operating Costs. These costs will include consumable goods required to implement the Project and other expenditures related to utilities, consumable office supplies, vehicle maintenance and gas, travel cost and per diem, among others, and will be financed by the Loan during implementation in accordance with the annual operational and procurement plan agreed with the Bank. Operating Costs will be procured using the implementing agency's administrative procedures which were reviewed and found acceptable to the Bank.

38. Procurement Assessment. A capacity assessment of the Social Cabinet through its UTP to implement procurement actions for the Project is currently being completed in line with the Procurement Risk Assessment and Management System (P-RAMs) Module by the World Bank. The following is a summary of the findings:

39. Assessment at Country Level. The latest Country Procurement Assessment Report (CPAR) for the Dominican Republic was published in April 2005. Since then the country passed Law 340-06 for Public Procurement of Goods, Works, Services and Concessions, approved in August 2006 and later modified by Law 449-06. This law is the first to comprehensively include all aspects of procurement of goods, works, services, the selection of consultants and concessions in the country, while also attempting to increase competition and transparency by allowing direct contracting only for limited circumstances specifically detailed in the law. Another important milestone in the procurement reform was the passing of Decree No. 490-07 that provided the enabling regulations for the new procurement law and the launching of the procurement portal "*compras dominicana*." However, in practice, Law 340-06 is not being fully implemented and there is the need for considerably more transparency and efficiency in the system. The new administration that took office on August 16, 2012 has placed procurement reform in the center

of the transparency agenda. The Bank is supporting the *Dirección General de Contrataciones Públicas* (DGCP) together with other donors in procurement reform; nevertheless, there are still important challenges ahead in order to improve the quality of public expenditures in the country. Relevant improvements have taken place since the passing of Decree 543-12, which repeals and replaces Decree 490-07.

40. **Assessment at Project Level.** An assessment of the procurement capacity of the UTP in the Social Cabinet was completed in May 2014 using the P-RAMS. Project risk is considered Substantial. The main issues identified by the procurement assessment are the lack of compliance with certain procurement procedures by the UTP in the implementation of the Social Protection Investment Project. The mitigating measures include:

- In order to ensure accountability of procurement decisions, the Bank requires that a record is kept of who makes decisions, within what time limit and require justifications when overriding decision.
- Given the territorial approach of the Project and the existing workload of the UTP, the unit will be strengthened to include an additional Procurement Specialist with relevant experience in Bank's procurement, to be dedicated full time to the Project.
- Submission to the Bank of a preliminary Procurement Plan to cover the first 18 months of the Project. Approved prior to negotiations.
- Preparation of an operations manual with a specific chapter on procurement, detailing all the procedures and channels of responsibilities and flow of documentation.
- Training in procurement will be provided by the Bank to the UTP and technical staff as soon as the Project is declared effective. Further training to be provided during implementation.
- Conducting a Project launch workshop by Project effectiveness.

41. A General Procurement Notice (GPN) will be published in the UN "Development Business" on-line and on a national newspaper of broad circulation. For ICB goods and services contracts and large-value consultants contracts (more than US\$200,000), Specific Procurement Notices would be advertised in the Development Business on -line and in the case of NCB on national newspapers of broad circulation.

42. Procurement Plan. The procurement plan for implementation of the Project for the first 18 months was agreed between the Borrower and the Project Team on January 13, 2015, and is included in an annex to the Operations Manual. The plan shall be available in SEPA (System for the Execution of Procurement Plans) at www.iniciativasepa.org within 30 days of the signature of the Loan Agreement. It will be updated annually and the updated procurement plan shall be disclosed at this site after clearance by the Bank.

43. The recommended thresholds for the use of the procurement methods specified in the Loan Agreement are identified in Table 1 of this Annex as the basis for the agreed procurement plan.

44. Frequency of Procurement Supervision. Supervision of procurement would be carried out through prior review supplemented by implementation support missions with post review at least once a year, in which 1 in 10 contracts shall be reviewed.

Table 1: Thresholds for Procurement Methods and Prior Review

| Expenditure Category | Contract Value (Threshold) | Procurement Method | Contracts Subject to Prior Review / Estimated Total Value Subject to Prior Review |
|--------------------------------------|---|-----------------------------------|---|
| | US \$ thousands | | |
| 1. Works | >3.0 | ICB | All |
| | 250-3.0 | NCB | First contract of each year |
| | <250 | Shopping | First contract |
| 2. Goods and Non Consulting Services | | | |
| | >250 | ICB | All |
| | 50-250 | NCB | First contract of each year |
| | <50 | International & National Shopping | First contract |
| | Pursuant to 3.7 of the Procurement Guidelines | DC | All |
| 3. Consulting Services | | | |
| -3.A Firms | >200 | QCBS | All |
| | <200 | QCBS, QBS, FBS, LCS, CQ | First contract of each year and later TOR only |
| | Pursuant to 3.8 of the Consultant Guidelines | SSS | All |
| -3.D Individuals | >50 | Comparison of 3 CV | All ToR only as specified in the PP |
| | <50 | | |
| | Regardless of Value | SSS | All |

Note: ICB = International Competitive Bidding - NCB = National Competitive Bidding.
 QCBS = Quality- and Cost-Based Selection - QBS = Quality-Based Selection.
 FBS = Fixed Budget Selection - LCS = Least-Cost Selection.
 CQS = Selection Based on Consultants' Qualifications.

Role of Partners

45. Since 2009, the Bank has been working closely with IADB and UNDP in supporting Social Protection reform in the Social Cabinet. In addition, the Bank forms part of Donors' Group on Social Protection, which is led by the IADB and includes UNDP and other partners. Table 3 summarizes the main contributions of the IADB and UNDP for each Project's component.

Table 3: Complementarities with other Partners (parallel co-financing) by Project Components

| Project Components | IADB | UNDP and others |
|--|--|--|
| 1. Integrated Area-Based Social Protection and Pro-poor Service Delivery. | No specific geographic focus on poorest provinces | Completed Provincial Poverty Assessments Informing this Project |
| <i>1.1. Bridging CCT coverage gaps</i> | Financing of CCT Transfers including support to quality improvements, external audits for verification of co-responsibilities. No specific focus on eligible extremely poor households. | |
| <i>1.2. Housing improvements.</i> | No involvement | No involvement |
| <i>1.3. Increase access of CCT users to productive opportunities PROSOLI Youth Employment Promotion Program</i> | No Direct involvement. | UNDP Support to the <i>Centros Tecnológicos</i> (ICT) centers to enhance access to ICT technology by increasing the coverage and improving the quality of services provided. Pilot project training PROSOLI beneficiaries in entrepreneurship and financial inclusion. Also developing community sub-projects with a gender lens |
| 2. Strengthening PROSOLI and Support to Households | | |
| <i>2.1. Strengthening of the PROSOLI CCT Program's Field-based Coordination, Operational Processes, and Assistance to Households</i> | | |
| <i>2.2. Improving Users' orientation and feedback mechanisms</i> | Communication Strategy for PROSOLI | |
| <i>2.3. Strengthening Inter-connectivity of Information Management Systems</i> | Supports Inter-connectivity between CCT PROSOLI and MIS of Education and Health systems. Supports the development of the MIS in the Social Cabinet specifically those modules related to the verification of co-responsibilities in education and health and the Social Protection MIS (ADESS, PROSOLI and SIUBEN) | |
| Component 3. Enhancing Equity, Results-orientation, and Transparency. | | |
| <i>3.1. Strengthening SIUBEN's Targeting Instrument</i> | Participated with WBG in Technical Advisory Groups to advise on Targeting Methodology (Life Quality Index) and in strengthening the management capacity of SIUBEN | |
| <i>3.2 Enhancing Results-orientation</i> | Impact Evaluation of PROSOLI. | |
| <i>3.3. Promoting Innovation and Policy Development</i> | Technical assistance to support the institutional consolidation of PROSOLI | Support to Gender Analysis of the CCT program. Support the consolidation of the Social Protection System by providing technical assistance for the strengthening of SIUBEN, PROSOLI, ADESS and policy design. Creation of a Social Innovation Strategic Unit in the Social Cabinet to influence policy design and pilot innovative initiatives to exit beneficiaries of poverty. |

| | | |
|---|---|-----------------------------|
| <i>3.4 Support to the Project Coordination and Implementation</i> | Supporting the operational capacity of Social Cabinet to implement projects (UTP's staffing and training, and technical capacity of Social Cabinet) | Some functions co-financed. |
|---|---|-----------------------------|

Annex 4: Operational Risk Assessment Framework (ORAF)

DOMINICAN REPUBLIC: INTEGRATED SOCIAL PROTECTION AND PROMOTION PROJECT

Risks

Project Stakeholder Risks

| Stakeholder Risk | Rating | | | | | |
|--|---|---------------------|--|--|------------------|------------------|
| <p>Risk Description:</p> <p>CCT users may not be willing or able to participate in some Project activities like the housing improvement (Sub-Component 1.2) due to opportunity costs (participating versus time spent in daily income generation activities).</p> <p>CCT agency may face difficulties in incorporating hard-to-reach extremely-poor households (Component 1).</p> <p>The GoDR may decide to stop the incorporation of extremely-poor households during the course of the Project because of budget constraints.</p> | Moderate | | | | | |
| | Risk Management: | | | | | |
| | Regarding the provision of housing improvements (Sub-Component 1.2), the Project design will pay attention to inclusive arrangements, including proper timing of activities. To encourage participation by women, required activities will not require heavy physical labor (mostly preparation of the construction site, clean up and waste removal once the work is completed, and painting walls). | | | | | |
| | Res Both p: | Status: In Progress | Stag Both e: | Recurrent: <input checked="" type="checkbox"/> | Due Date: | Frequency Yearly |
| | Risk Management: | | | | | |
| | Stipends will be provided to PROSOLI Youth within Vocational Training Packages (Sub-Component 1.3) to address demand-side barriers such as affordability of transportation to training courses. Sub-Component 1.1 on CCT coverage gaps will accommodate transportations costs as eligible inputs to accommodate enough outreach and mobile services. | | | | | |
| Res Both p: | Status: Not Yet Due | Stag Both e: | Recurrent: <input checked="" type="checkbox"/> | Due Date: | Frequency Yearly | |
| Risk Management: | | | | | | |
| The Government's stated goal of reducing extreme-poverty by the end of the Medina administration should mitigate against a sudden decision to stop expanding CCT coverage. The Project could be restructured to cover part of the cost of the CCT transfers in case of temporary and/or acute fiscal restrictions. Supervision will monitor this risk carefully during implementation. | | | | | | |
| Res Both p: | Status: Not Yet Due | Stag Both e: | Recurrent: | Due Date: | Frequency : | |

| Implementing Agency (IA) Risks (including Fiduciary Risks) | | | | | | | |
|---|--|---------------------|--------------------------|------------|-----------|-------------|--|
| Capacity | Rating | Substantial | | | | | |
| <p>Risk Description:</p> <p>The UTP will not have the capacity to manage both IADB loans (four in execution) and this new Project</p> <p>The procurement assessment of the UTP has shown some weaknesses in the Unit's capacity to handle some procurement processes under the on-going operation.</p> | Risk Management: | | | | | | |
| | Sub-component 3.4 will ensure proper strengthening of the UTP for the needs of the Project. | | | | | | |
| | Res Bank p: | Status: Not Yet Due | Stag e: Imple menta tion | Recurrent: | Due Date: | Frequency : | |
| | Risk Management: | | | | | | |
| | The unit will be strengthened to include an additional Procurement Specialist with relevant experience in Bank's procurement, to be dedicated full time to the Project. Other mitigation measures include: (i) Preparation of an operations manual with a specific chapter on procurement, detailing all the procedures and channels of responsibilities and flow of documentation; (ii) Training in procurement will be provided by the Bank to the PCU and technical staff as soon as the Project is declared effective. Further training to be provided during implementation; and (iii) Conducting a Project launch workshop by the Project effectiveness. | | | | | | |
| | Res Both p: | Status: Not Yet Due | Stag e: Imple menta tion | Recurrent: | Due Date: | Frequency : | |
| Governance | Rating | Moderate | | | | | |
| <p>Risk Description:</p> <p>The integrated, area-based approach to social protection raises risks related to the multi-level coordination between PROSOLI and other partners. These risks include lack of existing protocols and incentives to collaborate and share knowledge.</p> | Risk Management: This will be managed by institutional cooperation agreements between the Social Cabinet and service providers that spell out such protocols, as well as financial incentives of output-based disbursements. | | | | | | |
| | Res Both p: | Status: Not Yet Due | Stag e: Imple menta tion | Recurrent: | Due Date: | Frequency: | |

| Project Risks | | | | | | |
|---|---|---------------------|--------------|--|-----------|----------------------|
| Design | Rating | Substantial | | | | |
| Risk Description: The incorporation of housing and productive activities (Vocational Training under Sub-Component 1.3) as part of the integrated, area-based approach in selected provinces might generate difficulties in appropriate supervision and oversight by the Social Cabinet. | Risk Management: | | | | | |
| | The territorial, integrated strategy <i>Progresando Unidos</i> , that this Project supports, has already started. A dedicated team within the CCT PROSOLI is already collaborating with INFOTEP. The PROSOLI Social Infrastructure Team of the Program has shown full commitment and ownership in the design of the housing Sub-Component. Under Sub-Component 3.4, the PIU (UTP) will be strengthened to handle INFOTEP-related processes. It will also provide good oversight of housing improvements in close liaison with the Social Infrastructure Unit. | | | | | |
| | Res Both p: | Status: Not Yet Due | Stag Both e: | Recurrent: <input checked="" type="checkbox"/> | Due Date: | Frequency Yearly |
| Social and Environmental | Rating | Moderate | | | | |
| Risk Description: Ensuring that the extreme poor can capitalize on newly available opportunities could be a challenge, as discussed in Stakeholder Risks. | Risk Management: | | | | | |
| | Inclusive arrangements and/or gender-friendly measures will address the key potential barriers linked to income and gender that were identified during preparation. With regard to housing improvements the requirement that beneficiary households participate in construction activities will be calibrated to promote women's participation. With regard to the PROSOLI Youth Employment Promotion Program, trainers' curricula will adapt to the potentially low level of skills of this low-income target group. Similarly, stipends will be provided to address opportunity, including transportation, and child-care costs for low-income female participants with small children 0-5 years. | | | | | |
| | Res Bank p: | Status: In Progress | Stag Both e: | Recurrent: | Due Date: | Frequency |
| Program and Donor | Rating | Low | | | | |
| Risk Description: Fragmentation of donor support could endanger the success of this broad-based initiative. | Risk Management: | | | | | |
| | The Bank team is coordinating with UNDP and IADB on their work in the country, and there is strong commitment of all parties to continue to ensure consistent messages and avoid overlap of efforts, as well as to create synergies for TA and Policy Dialogue. | | | | | |
| | Res Both p: | Status: In Progress | Stag Both e: | Recurrent: <input checked="" type="checkbox"/> | Due Date: | Frequency CONTINUOUS |

| | | | | | | | | | |
|---|---|---------------|--------------------|-------------|-----------------|-----------------|------------|-------------|-------------|
| Delivery Monitoring and Sustainability | | Rating | Substantial | | | | | | |
| <p>Risk Description:</p> <p>PROSOLI'S monitoring and evaluation capacity has improved, but remains relatively weak, which is a source of concern as the scope of the PROSOLI <i>Progresando Unidos</i> initiative extends beyond current traditional human capital (CCT) areas.</p> <p>Given elections in April 2016, risks of changes in policy directions during the second half of the Project and at a more long-term level, risks of lack of continuity and negative impact on sustainability.</p> | Risk Management: | | | | | | | | |
| | The Project invests heavily in broad-based monitoring and evaluation (Component 3); a delivery monitoring dimension for each selected province will be designed. | | | | | | | | |
| | Res p: | Both | Status: | Not Yet Due | Stag e: | Imple mentation | Recurrent: | Due Date: | Frequency : |
| | Risk Management: | | | | | | | | |
| | The social protection approach appeals to different sides of the political spectrum by reaching out to the extremely-poor, while generating conditions for the gradual exit of social programs. The strong involvement of grass-root stakeholders will be key for continued social and political pressure for continuity. | | | | | | | | |
| | Res p: | Both | Status: | Not Yet Due | Stag e: | Imple mentation | Recurrent: | Due Date: | Frequency : |
| Risk Management: | | | | | | | | | |
| Beyond Project duration, output-based financing will help test results-based mechanisms for the agreements that were signed between the Social Cabinet and some of the Project partners. | | | | | | | | | |
| Res p: | Both | Status: | Not Yet Due | Stag e: | Imple mentation | Recurrent: | Due Date: | Frequency : | |
| Overall Risk | | | | | | | | | |
| Implementation Risk Rating: Substantial | | | | | | | | | |
| <p>Risk Description:</p> <p>While risks associated with the multisector and territorial approach will be partially addressed during preparation, close monitoring and supervision will be required during implementation.</p> | | | | | | | | | |

Annex 5: Implementation Support Plan

DOMINICAN REPUBLIC: INTEGRATED SOCIAL PROTECTION AND PROMOTION

Strategy and Approach for Implementation Support

1. This Implementation Support Plan (ISP) has been developed on the basis of the specificities of this multisectoral Project and its risk profile. It aims at making implementation support to the Government technically adequate and agile. The implementation strategy emphasizes: (i) close support and good communication between the Bank and the Social Cabinet's Project Coordination Unit; and (ii) Bank's regular field visits to provinces and on-the-ground reports from the Social Cabinet on progress areas, bottlenecks and proposed solutions in the day-to-day delivery of intermediate results on the ground. The Bank will also build on existing trust and communication channels with the Social Cabinet and key co-implementers such as INFOTEP, as well key national stakeholders (Presidency, Ministry of Economy, Civil Society Consultative Council and other relevant Civil Society organizations) and international partners (IADB, UNDP, Donors' Roundtable on Social protection).

Implementation Support Plan (To be revised as needed during implementation)

2. The Bank would provide strong implementation support to the Project's components as well as guidance regarding technical, fiduciary, and social issues. Formal implementation support and field visits would be carried out semi-annually, and would focus on:

- a. **Technical inputs.** Given the Project's multisector approach, the team leader would be supported by sub-leads for housing improvements, productive opportunities, and social accountability/users feedback. Given the importance of getting delivery going in selected provinces, a local senior protection consultant will complement the core team. Finally, a consultant on targeting issues will continuously ensure quality of Bank inputs and coordination with others to ensure continuous improvement on targeting accuracy.
- b. **Fiduciary requirements and inputs.** Supervision of FM arrangements would be carried out semi-annually as part of the Project supervision plan and support would be provided on a timely basis to respond to Project needs. Procurement supervision would be carried out annually, or as required.
- c. **Country Relations.** The Task Team Leaders would coordinate within the Bank to ensure Project implementation is consistent with Bank requirements, as specified in the legal documents. As stated above, constant channels for information exchange would be maintained with senior officials, taking advantage of trust and communication capacity.

Table 5.1 - Main Focus in Terms of Support to Implementation

| <i>Time</i> | <i>Focus</i> | <i>Skills Needed</i> | <i>Resource Estimate</i> |
|------------------------|--|---|--------------------------|
| <i>First 12 months</i> | Heavy early investment of time and efforts in supervision in selected provinces. Monitoring of implementation progress and results. | Task Team Leader and core multi-sector team (including leaders' Sub-Components in housing improvement, productive opportunities). Local Senior Social Protection Consultant for frequent field supervision in provinces. International Consultants on Targeting and Users Feedback | US\$120,000 |
| | Supervision and training in fiduciary matters. | Financial Management Specialist; Procurement Specialist. | |
| <i>12-60 months</i> | Monitoring of compliance with fiduciary guidelines. | Financial Management Specialist; Procurement Specialist. | US\$120,000/year |
| | Monitoring of implementation progress and results. | Task Team Leader and core multisector team (including leaders Sub-Components in housing improvement, productive opportunities, Users feedback) Local Senior Social Protection Consultant for frequent field supervision in provinces. International Consultant Targeting and users' feedback. | |

Table 5.2 – Bank Staff Skills Mix Required for the Project’s Implementation Support

| <i>Skills Needed</i> | <i>Number of Staff Weeks annually</i> | <i>Number of Trips annually</i> |
|--|---------------------------------------|--|
| Task Team Leader | 15 SWs | Twice a year |
| Sub-Components leaders Housing and productive opportunities | 10 SWs | Twice a year |
| Senior Monitoring and Evaluation specialist | 6 SWs | Twice a year |
| Senior social development specialist (users feedback and ICT) | 8 SWs | Based in the country office |
| Senior social protection specialist- operations | 8 SWs | Twice a year |
| Consultant Targeting | 4 SWs | Twice a year |
| International Consultant Users feedback mechanisms | 4 SWs | Twice a year |
| Local Social protection Consultant | 8 SWs | Field-based- trips to targeted provinces |
| Financial Management Specialist | 4 SW annually | Twice a year |
| Procurement Specialist | 8 SW annually | Once a year |
| Senior ACS staff with operations experience | 10 SW | Three times trips throughout entire Project duration to ensure close team work with PCU and follow-up to no-objections |

Annex 6: Economic Analysis

DOMINICAN REPUBLIC: INTEGRATED SOCIAL PROTECTION AND PROMOTION PROJECT

Economic Analysis for the Integrated Social Protection and Promotion Project (P147213)

1. The Project seeks to improve access of poor citizens in the DR to an integrated package of social protection and promotion opportunities in selected provinces. Section 1 of this economic analysis assesses the expected development impact of key selected opportunities and activities, namely: (i) the reduction of CCT coverage gaps and housing improvements for eligible extremely poor households (Sub-Components 1.1 and 1.2); (ii) the introduction of productive opportunities for extremely and moderate poor eligible CCT household members with a focus on the proposed PROSOLI Youth Employment Promotion Program (Sub-Component 1.3); (iii) the strengthening the PROSOLI capacity and especially its targeting instrument SIUBEN, and (iv) enhancements to the user feedback mechanism of Community Scorecards for the CCT. Section 2 gives the rationale for public involvement while section 3 examines World Bank's contribution to the Project. Lastly, section 4 discusses the fiscal sustainability of the program.

1. Expected Development Impact

2. **The Project is expected to directly benefit a significant share of current and new PROSOLI users, who will be receiving cash transfers aiming to increase household consumption and human capital investments and to improve beneficiaries' health, nutrition, education, and productivity.** Expected benefits, especially for the eligible extreme poor households, include, but are not limited to: (i) improved household consumption; (ii) increased school enrollment, attendance; and completion, (iii) improved health prevention; through access to and use of health services, (iv) improved nutrition; and (v) improved access to skills-enhancement opportunities that facilitate productive inclusion in the labor market.

3. Given the limitations in quantifying many of the benefits of such multi-sectoral Project in monetary terms, and the limited availability of data and evidence base, a full-fledged cost-benefit or cost-effectiveness analysis is not conducted here. Instead, this analysis will make explicit the theory of change behind such an approach and draw from international and domestic evidence to summarize expected impacts and cost-effectiveness of the interventions including CCTs, housing, youth skills training, and user feedback mechanisms. The analysis contextualizes these evidences to the targeted population of the DR to indirectly assess the cost and benefits of making the PROSOLI program more effective and efficient through activities supported by this Project.

4. *Evidence on effectiveness of CCTs.* The Project focuses on reducing the coverage gap of both the food component, *Comer Es Primero* (CEP), and the education components, *Incentivo a la Asistencia Escolar* (ILAE, Incentive for School Attendance) and the *Bono Escolar Estudiando Progreso* (BEEP, School Bonus for Progress by Studying) of PROSOLI. International experience has shown CCTs to be a highly effective intervention to reduce chronic malnutrition. A meta-analysis of various nutritional interventions carried out by the Independent Evaluation Group (IEG) of the World Bank demonstrates that most of the reviewed CCT programs

contributed to the improvements in chronic nutritional status (measured as height-for-age), and birth weight.²⁰ Furthermore, several evaluations (e.g., IEG, 2011) and other literature (e.g., Grosh et. al., 2008) have demonstrated the impact of safety nets programs on poverty reduction and education and health outcomes. An extensive body of qualitative and quantitative evidence on Mexico's *Oportunidades* and Brazil's *Bolsa Familia*, among others, shows significant positive impacts of the Program on household consumption, school enrollment and attendance, and health prevention and access to health and nutrition. Specifically in the DR, an IADB impact evaluation of the CCT *Solidaridad* program (now PROSOLI) showed that CCT households were positively associated with less risk of catastrophic expenditures in health, increased height-for-age of children older than three years of age, less risk of adolescent pregnancy, and less risk of repeating grades in secondary school.²¹

5. In this context, covering persisting coverage gaps (Section I) should yield significant benefits. This Project aims to incorporate at least 80 percent of eligible extremely poor households in the 14 selected provinces. The table presented in Annex 2 (Sub-Component 1.1) outlined the goals in coverage gap reduction and the associated costs as part of the Project. **Given that the program has shown significant positive impacts that outweigh the operating costs and that the program coverage still has much room for improvement, this Project is expected to generate significant nutritional, educational, and health benefits from expanding the CCT coverage among the extremely poor.**

6. *Evidence on effectiveness of housing improvements (Sub-Component 1.2).* Extremely poor eligible PROSOLI users are expected to benefit from improved housing conditions, with focus on the replacement of dirt floors with reinforced cement floors. As an innovative approach in the DR, direct evidence on the impacts of housing improvements in the DR is not available. However, international evidence suggests that better housing conditions have positive associations with increased household labor force participation and income, and reduced risk of disease in the family and absenteeism from school.²² For example, Mexico's *Piso Firme* program is a housing improvement program which has been enhancing the floors of poor households from dirt to cement since 2000. An impact evaluation on the program in the state of Coahuila has shown positive impacts on coverage of cement floors, quality and the value of the housing, beneficiary's perception on the quality of life, and health conditions of the household members. The evaluation found a significant positive impact on beneficiaries' satisfaction of housing quality and their perception on the quality of life—34 percent and 15 percent higher than the control group, respectively; a considerable and significant impact on the reduction of parasite infection among children (lower by 10 percent compared to the control group); and reduction of the incidence of diarrhea by 18 percent and anemia by 20 percent among children from 0 to 5 years of age. Children of 0-5 years of age also saw an increase in cognitive development, measured by Peabody scores, by 7 percent compared to the control group. Finally, mental health

²⁰ IEG, 2009.

²¹ Carrasco, García, and Parodi. 2014. *Análisis del Desempeño de la focalización y las características distributivas de la asistencia social en República Dominicana, 2005-2011*.

²² Thomson H, Thomas S, Sellstrom E, Petticrew M. Housing improvements for health and associated socio-economic outcomes. Cochrane Database of Systematic Reviews. 2013, Issue 2. Art. No.: CD008657. DOI: 10.1002/14651858.CD008657.pub2.

also improved as depression and stress among mothers of 0 to 5-year-old children were found to decrease.

7. The economic and demographic characteristics and the housing conditions of extreme poor households in the DR today are similar, or inferior in some aspects, to those of Coahuilo, Mexico in 2000 according to national household survey data (*Encuesta Nacional de Hogares*). Hence, as the Project seeks to increase access of extremely poor households to improved housing conditions through floor enhancement, Mexico's *Piso Firme* program presents itself as a relevant benchmark for the DR, with regards to both program implementation and impact. The table presented in annex 2 lays out the costs associated with repairing approximately 7,847 houses in the 14 prioritized provinces from dirt to cement floors, with an estimated unit cost of US\$ 1,525.00. Though the issue of external validity makes it difficult to establish causality of the program in the DR, the positive findings on housing improvements in the literature, including those of Mexico, suggest that **possible benefits in the health conditions and cognitive development among children of age 0-5 are significant, which has further implications for future educational attainment and income generation of children from extremely poor households.**

8. *Evidence on effectiveness of youth vocational training program (Sub-Component 1.3).* The economic rationale for supporting the proposed PROSOLI Youth Employment Promotion Program is based on three main considerations: (i) compensating the educational gaps of youth will ease their access to the labor market, creating more productive and sustainable jobs, with an associated higher income; (ii) easing the insertion 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 extended periods of unemployment helps avoid scarring effects and makes it less likely that they engage in crime or other risky activities. The proposed PROSOLI Youth Employment Promotion Program is modeled after the Youth and Employment Program, *Programa Juventud y Empleo* (PJyE). The results of an impact evaluation carried out for PJyE show that participating in the program has a positive employment effect—the overall employment rate of the treatment group was eight percent higher than that of the control group. In particular, the employment rate of women in the treatment group was 18 percent higher than that of the women in the control group. Moreover, the program also reduced inactivity by two percentage points, which is highly relevant for the idle youth population. For men, the activation effect from taking the DCB courses is three times larger than the effect from vocational and technical courses. Also, for women participating in the program, the effect on inactivity is negative by four percentage points. The program increased job search by two percentage points, another positive effect among idle and unmotivated youth. For those already employed, the likelihood of finding a new job is eight percentage points higher as a result of taking the DCB (second cohort). The effect is ten percentage points higher for unemployed job-seekers.

9. **In this context, the proposed PROSOLI Youth Employment Promotion Program is expected to yield significant similar benefits.** This Sub-Component considers implementing the vocational training package (See Annex 2) for approximately 40,000 young people and at least 60 percent of them are expected to complete their respective courses within four years. The unit cost of the program compares favorably among other similar programs in the region. Although programs are never strictly comparable due to differences in design, regionally comparable programs can be up to three times larger in terms of cost.

10. **Finally, developmental impacts of combined interventions for extremely-poor CCT households are also expected to be positive.** This dimension will be further researched as part of the comprehensive territorial strategy's evaluation which will look at the expected impact of simultaneous Project's interventions on eligible extremely-poor households. For example, for young CCT families with heads of households under 30 years old, the evaluation will examine impacts of the combination of CCT benefits' coverage, housing improvement, and completion of the Employment Promotion Program. Changes in the Living Conditions Index are expected.

11. *Importance of improvement in the CCT program targeting and operations.* The Project's expected impact on the updating and strengthening of the SIUBEN does not only include enhanced effectiveness of CCT and other social programs through the reduction of exclusion errors, but it could also lead to more efficient expenditures by highlighting evidence for the exit strategy of households who would no longer be eligible. Furthermore, expected investments in the automatization of processes should also further increase the cost-effectiveness of the CCT delivery systems. A recent field based review of the SIUBEN and PROSOLI databases show that the targeting mechanism and its implementation can be improved significantly. Inclusion and exclusion errors, both of which can be caused by design and during implementation, increase program costs and undermine efficiency, as well as deprive eligible households of a source of social investment. The Project is expected to increase the cost-effectiveness of the program by addressing both these causes: providing technical assistance to improve not only the targeting mechanism, but also the administrative and managerial capacity of the CCT program.

12. *Evidence on effectiveness of citizen feedback mechanisms.* The international community is increasingly using community and citizen feedback mechanisms, such as the DR's Community Report Cards (CRCs), to strengthen accountability and performance in public service delivery. There is a growing body of research that finds positive and significant impact of community monitoring and citizen feedback mechanisms on service delivery performance. Examples of such evidence include, but are not limited to, the Citizens Visible Audit in Colombia, citizen report cards in Pakistan, the community monitoring initiative in Indonesia, and the community scorecards in Malawi and Uganda. In the DR, a qualitative review of the RC based on in-depth stakeholder interviews finds that the scorecards initiative has worked particularly well because the RC facilitated collaborative spaces for collective problem-solving by bringing together actors across the supply and demand side of education, health, and social service delivery (Annex 7). While the CRCs' impact evaluation is yet to be completed, the baseline survey results show that CRCs contribute to solving inherent problems in the community regarding public service delivery. They also find that the CRCs encourage the beneficiaries to not only express their opinions and grievances about the services they receive, but also suggest the solutions as they see fit for their own community.

13. Currently, for the on-going national expansion phase, the cost for one full cycle of the CRCs, which takes around eight months, is approximately US\$19 per household. The costs of CRCs have been reduced significantly since its inception—by approximately 30 percent. This is largely due to increased efficiency of staff after passing through the learning curve of implementation. The Project, which aims to expand the coverage of the CRCs, is expected to reap further savings in costs from economies of scale and efficiency gains. The improvements in

conditions of schools, health clinics, and shops, and the improved quality of services provided by teachers, doctors, and shop-owners (*colmados*), among other involved providers, are likely to outweigh the costs.

1.2 Estimated Net Present Value (NPV) of the project

14. The Bank has had long experience with the social sectors in the DR, particularly the CCT program, and the net return has been consistently high. Since the key cost and benefit parameters of the Project are largely similar to the earlier projects such as the Social Protection Investment Loan and the Youth and Employment Project, this economic analysis only cites the evidence of NPV from the previous Social Protection Investment Loan Project.

15. Given the difficulties in quantifying some aspects of the program, the economic benefits considered for the NPV calculation was limited to an increase in productivity and earnings due to additional years of schooling and an increase in primary and secondary education completion rates. Thus, the calculations represent a lower bound estimate of the economic return. The economic rate of return for the Project was calculated at 22 percent, with a NPV of US\$16 million, using a 12 percent discount rate. This calculation takes conservative assumptions including: baseline salaries equivalent to average wages of young workers with primary education in the Lowest 4 Income Deciles; an increase in the total years of completed schooling of 1.0 years due to the project; and 12 and 15 annual cohorts needed before full benefits accrue linked to primary and secondary education impacts, respectively. Sensitivity analyses showed that the Project's rate of return is robust even with a project impact of just 0.4 years of completed schooling and pre-project hourly wages of less than one-third of minimum wage.

2. Rationale for Public Sector Involvement

16. **There are a number of strong economic arguments for public financing of social safety net programs in the DR.** Investment in nutrition, education, health, and employability are justified on equity grounds, because social safety nets are non-contributory transfer programs seeking to prevent the poor or those vulnerable to shocks and poverty from falling below a certain poverty level. Also, investments in nutrition, education, health, and employability have high payoffs, as they facilitate development and growth through multiple channels—reduction in infant mortality, human capital accumulation, and increases in productivity. Cash transfers alleviate constraints on individuals to invest in their human capital, incentivize the use of existing public services, and increase educational and health outcomes for beneficiaries. These, in turn, have high externalities, providing another justification for public provision. Furthermore, public investment in nutrition, education, health, and employability can address various existing market failures which have detrimental consequences for the poorer and the most vulnerable population, especially children and youth.

3. World Bank Value Added

17. The Bank has been supporting *Solidaridad* and *Progresando con Solidaridad* since 2008, when, in the context of the 2008 food fuel and financial (FFF) crisis, the Program sought additional resources to build response capacities and performance in the social sectors, and to provide a stimulus for longer term reform in the social sectors (Section VI.B Technical Analysis). Since then, the Bank has supported the overhaul of the CCT *Solidaridad*, the SIUBEN update, the pilot of community scorecards, access of an increased number of poor Dominicans to documentation, and an active labor market approach for low income youth, and efforts to strengthen the INFOTEP. The DR Government (GoDR) is now in the process of revamping its social assistance programs to increase their effectiveness as a vehicle towards achieving the presidential goal of lifting 400,000 households out of extreme poverty and reducing overall poverty. The value added of Bank support in this context comes from the Bank's international experience with CCTs, targeting mechanisms, employability programs, and citizen feedback mechanisms. The continued Bank support will help design the elements of a full-fledged social protection system that protects the vulnerable while promoting positive changes in their basic living conditions.

4. Financial Sustainability

18. It is important to evaluate the public financial capacity of the country to assume the commitment generated through the operation. In particular, it is important to ensure that current costs of activities of the PROSOLI will be covered with government funds. The expenses reimbursed by the Project represent only a small weight with respect to the total budget commitment of PROSOLI projected during the duration of the Project, especially since the Project will not finance the CCT transfers.

19. Since the GoDR first introduced *Solidaridad* and subsequently PROSOLI, social assistance spending in the DR has increased significantly, and so has its efficiency. PROSOLI has expanded its coverage significantly, but gradually, as budgetary feasibility was always a key consideration. PROSOLI's budget has been increasing in line with the expansion of the program's coverage. The CCT Transfers and the operational costs amounted to 0.3 percent of GDP in 2013. The Program continues to be financially sustainable.

Table 6.1. Amount of Conditioned Cash Transfers transferred via ADESS and PROSOLI operations budget, US\$ Thousands (2013-2015)

| Year | CEP | ILAE | BEEP | PROSOLI Operations | Total | % of GDP |
|-------|---------|--------|--------|-----------------------|---------|-------------|
| 2013 | 150,086 | 21,512 | 4,663 | 14,329 | 190,590 | 0.3% |
| 2014 | 164,456 | 24,673 | 14,570 | 14,329 | 218,028 | 0.3% |
| 2015* | 178,825 | 27,833 | 18,489 | 23,111 | 248,258 | 0.4% |

* Projected amount

Source: ADESS and PROSOLI, Dominican Republic.

Annex 7: Detailed Sector Context

DOMINICAN REPUBLIC: INTEGRATED SOCIAL PROTECTION AND PROMOTION PROJECT

1. This annex outlines in more detail: (i) the evolution of the CCT program and its key features; (ii) the GoDR *Progresando Unidos* initiative on which this Project builds upon; (iii) the evolution of the Targeting system SIUBEN; and (iii) the Community Scorecards experiment of CRCs that was financed under the present World Bank's Social Protection Investment Loan and supported by the Performance and Accountability of Social sectors DPL Series. This mechanism would be improved and scaled-up under Sub-Component 3.2.

I. From *Solidaridad* to *Progresando con Solidaridad*. Evolution and Key Features

2. **The DR has significantly reinforced its social assistance over the last 10 years.** During the economic crisis of 2003-2004, the country defined a new social assistance strategy, beginning with the rationalization and reordering of non-contributory social protection programs, and putting into operation its first CCT Program, *Solidaridad*. The *Solidaridad* Program started with a 5,000-home pilot in 2004, and in less than a decade it achieved significant coverage in comparative terms with other programs in the region. According to Szekely (2012), the Dominican Republic—through *Solidaridad*—ranks fifth in the region in terms of coverage of a Conditional Cash Transfer Program, with 22.6 percent of its total population.²³ Over a short period, *Solidaridad* had therefore achieved levels relatively similar to those of Brazil and Mexico, which began their efforts more than ten years ago. *Solidaridad* incentivizes investments in the health and education of beneficiary families through co-responsibilities in two components: *Comer Es Primero* (Eating Comes First - CEP) and *Incentivo a la Asistencia Escolar* (School Attendance Incentive – ILAE).

3. **The implementation of *Solidaridad* brought with it the creation of an institutional tripod and key instruments for the development of the social protection system.** The Tripod consists of three institutions: 1) the Single Beneficiary Selection System (SIUBEN), which is responsible for classifying households into poverty levels based on geographic and household data and is used to target the CCT Program, subsidized health insurance (SENASA), as well as fuel and electricity subsidies; 2) the CCT Program; and 3) the Social Subsidies Administrator (ADESS), which is responsible for transferring the subsidies to beneficiaries' cards.

4. **The *Progresando con Solidaridad* program – PROSOLI was created in mid-August 2012.** This new program is the result of the merger of *Solidaridad* and the *Progresando* program, which placed an emphasis on socio-educational interventions.²⁴ The purpose of the new program

²³ Szekely, Miguel (2012). *Hacia la consolidación de una política social integral en la República Dominicana*.

²⁴ The First Lady's office started the *Progresando* Program in 2007, which benefited approximately 200,000 households by 2012. At present, there are 34 *Progresando* Centers throughout the country where the Social Cabinet provides skills-enhancement programs (both life-skills and technical skills) for poor families. The UNDP is supporting the GoDR with the construction of additional 15 centers starting this year. The Vice-President, which heads the Social Cabinet, is the former First Lady.

is to provide beneficiary families with: i) conditional cash transfers; ii) socio-educational mentoring through volunteer family liaisons; iii) access to Community Technological Centers and *Progresando* Training Centers; and iv) connections with other public programs and services, particularly health and education services.

5. Table 7.1 and 7.2 below highlight key features of the CCT including: institutional arrangements and operative structure, monitoring and evaluation system, and key components.

Table 7.1: CCT Institutional Arrangements, Operative Structure and Monitoring System

| | |
|---|---|
| <p>Institutional Arrangements Overseen by the Social Cabinet, Vice-Presidency responsible for the Coordination of Social Policies.</p> <p>Permanent entities in charge of Coordination of the PROSOLI CCT (institutionalized in 2009):</p> <ul style="list-style-type: none"> ⇒ Interinstitutional Committee (<i>Comité Transversal</i>), including Social Subsidies Administration (ADESS), Single Beneficiaries System (SIUBEN) and PROSOLI ⇒ Cross-Sectoral Committee (<i>Comité Intersectorial</i>), including Health and Education Ministries, and the CCT Program <i>Solidaridad</i> ⇒ 9 Regional Cross-Sectoral Technical Committees (CTRIS): currently in operation, one for each region of the Program. ⇒ Participating institutions in CTRIS: Ministries of Health, Education, Agriculture, Women, Institute for Technical-Professional Education (INFOTEP), National Health Insurance (SENANA), Social Subsidies Administration (ADESS), SIUBEN. <p>No decentralization and transfer of mandates to municipalities envisaged.</p> | <p>Operative Structure</p> <ul style="list-style-type: none"> • 10 Regions • 32 Provinces • 67 Localities Delegates “Gestores Locales” • 180 Field Supervisors • 1881 Supervisors of Family Liaison • 15,185 Family Liaison (Volunteers chosen from the community and trained to develop the social-educational support of beneficiary households) |
| <p>Monitoring and Evaluation System:</p> <ul style="list-style-type: none"> a) Uniform and permanent: based on supervision house calls made by Family Supervision and Liaison field supervision personnel of the Program <i>Progresando con Solidaridad</i>. With the data gathered about the development of the Program, reports are prepared on a quarterly basis on its execution, as well as on actions suggested for improvement of the process. b) Annual: through surveys to support timely detection and solution of operating problems, through the generation of indicators to observe the status of operation of the Conditioned Transfers Program in Education Centers, in Primary Care Units and in the corner shops that make up the Social Supply Network. Surveys also gather information about the perception of beneficiary families regarding different operating aspects of the Program, as well as their opinion about the quality of the services they receive from the Schools, Health Units (UNAP), Corner Shops or <i>Colmados</i>) and from the PROSOLI staff. | |

Table 7.2: PROSOLI CCT - KEY FEATURES

| Program Components | Target Population | Inclusion Criteria | Covered Population (June - 2014) | Co-Responsibilities | Compliance and verification periods of co-responsibilities | Source of Information For Co-responsibilities Verification | Penalties | Monthly Amounts (\$US) | Payment Method |
|--|---|--|----------------------------------|--|---|---|---|---|--|
| “Comer es Primero” (CeP) | | 1) Households identified and classified by SIUBEN as ICV-1 and ICV-2 2) With children under 5 years of age and/or pregnant women. 3) The Head of the Household must have Identification Card | 692,663 Households | 1) Pregnant women: must perform at least 1 visit every two (2) months to the health center for prenatal checkups. 2) Children from 0 to 2 years of age: must perform at least 1 visit every two (2) months to the health center for the application of vaccines according to national scheme and carry out growth monitoring. 3) Children older than 2 and under 5: must perform at least 1 visit every six (6) months to the health center for growth monitoring and vitamin A supplementation | 1) Every two (2) months for pregnant women and children from 0 to 2 years of age 2) Every six (6) months for children older than 2 and under 5 | Ministry of Public Health MIS and households visits by PROSOLI Staff | 1) Warning - No Suspension of Benefits: fails to comply during 1 verification cycle. 2) Temporary Suspension of Benefits: fails to comply during 2 consecutive verification cycles. 3) Permanent Suspension of Benefits: fails to comply during 3 consecutive verification cycles. OTHER CAUSES OF PENALTIES: 1) Temporary Suspension (4 months): if the household lends, gives or sells its <i>Solidaridad</i> card. 2) Temporary or definitive suspension in the following | 19.19 | Near cash transfer: Monthly Transfers are made through debit cards (<i>Tarjeta Solidaridad</i>) that can be used only in certain corner shops (<i>colmados</i>) for certain products (food and education supplies). There are currently 6,600 corner shops and supermarkets affiliated to the supply network of the Program. |
| “Incentivo a la Asistencia Escolar” (ILAE) | Households classified through the Quality of Life Index (Proxy-Means Test) as in Extreme Poverty or Moderate Poverty (ICV I and ICV II) | 1) Households identified and classified by SIUBEN as ICV-1 and ICV-2 2) Households with children aged between 6 to 16 years, enrolled at school from first to eighth grade. 3) The Head of the Household must have Identification Card | 201,931 Households | Household members aged between 6 and 16 years must be enrolled at the school and have an attendance greater or equal than 80% | Every 2 months during the 10 month period of the school year | Educational Centers Information Management System of the Ministry of Education and households visits by PROSOLI Staff | 1) Temporary Suspension (4 months): if the household lends, gives or sells its <i>Solidaridad</i> card. 2) Temporary or definitive suspension in the following | 1) Household with 1 or 2 students: \$US 7 2) Household with 3 students: US\$ 14 3) Household with 4 or more students: US\$ 21 | |

| Program Components | Target Population | Inclusion Criteria | Covered Population (June - 2014) | Co-Responsibilities | Compliance and verification periods of co-responsibilities | Source of Information For Co-responsibilities Verification | Penalties | Monthly Amounts (\$US) | Payment Method |
|---|-------------------|--|----------------------------------|--|--|--|--|---|----------------|
| “Bono Escolar Estudiante Progreso” (BEEP) | | 1) Households identified and classified by SIUBEN as ICV-1 and ICV-2 2) Households with members up to 21 years old, attending middle school level 3) The Head of the Household must have Identification Card | 87,561 Households | Household members aged up to 21 years must be enrolled at the middle school and have an attendance greater or equal than 80% | | | cases: a) Targeting errors (ineligible household, double head of household registry, death of the household head); b) Problems with the Solidaridad card (e.g. funds not used by beneficiary; card not received by beneficiary, stolen card); c) The beneficiary refuses to be part of the Program. | 1) Per students up to 21 years attending to first or second grade of middle school: US\$11.6 2) Per students up to 21 years attending to third or fourth grade of middle school: US\$ 17.4 3) Per students up to 21 years in the last year of middle school attending the technical-vocational courses: US\$ 23.3 | |

II. TARGETING THE EXTREME-POOR: THE EMERGING PROGRESANDO UNIDOS INITIATIVE

6. **To respond to the challenge of the multidimensionality of extreme-poverty, the GoDR, through its Social Cabinet, has decided to broaden the scope of the CCT program *Progresando con Solidaridad* -PROSOLI --and to develop an area-based approach, which follows good practice worldwide- and which the Project would support.** In line with the Presidential Platform of *Quisqueya Sin Miseria* (See below), it has just launched *Progresando Unidos*, an integrated territorial strategy that will target about 18,000 households in extreme poverty (ICV1) as measured by the latest SIUBEN 2 and will prioritize 14 provinces in total: 10 provinces with a proportion of ICV1 households totaling at least 20 percent of the population, and 4 provinces with the highest levels of ICV1 households in terms of absolute numbers.

7. ***Progresando Unidos* targets those households categorized as ICV1 (extremely poor) by SIUBEN 2, and provides them with a specific basket of basic services and opportunities, each of them with its own set of benefits, delivery modalities (either provided directly by the PU program or by another service provider through an institutional agreement between PROSOLI and the provider) and associated implementation challenges:**

- *Technical – vocational Training.* To enhance employability and access to wage employment opportunities, *Progresando Unidos* would promote access of the Program’s target population to vocational courses provided either by the *Progresando* Centers and/or by the National Institute for Vocational Training, INFOTEP. Important challenges are market relevance and inclusion (Most *Progresando* Centers are finding that the poorest CCT users cannot afford transportation to reach the courses, or childcare services in the case of young mothers).
- *Self-employment/Small entrepreneurship/ financial inclusion.* To enhance income generation for potential entrepreneurs, *Progresando Unidos* is envisaging the promotion of access of the Program’s target population to small business development. One modality, based on current piloting, is to link CCT users to existing microfinance programs. Implementation challenges include adapting rules of entry and eligibility criteria for extremely-poor CCT users in terms of collateral. Discussions are ongoing as the DR would be keen to learn from worldwide good practice for access to microfinance for the ultra-poor.²⁵ Microfinance institutions do exist in the country, some already have partnership agreements with the Social Cabinet (ADOPEM, BHD) and could be encouraged to adapt their package to the “ultra-poor.”
- *Housing Improvements.* Despite improvements in recent years, the latest SIUBEN 2 results have raised awareness of major gaps in terms of the quality of housing of poor households [Section I]. Despite the existence of the National Housing Institute (INVI) and a recent pro-poor policy orientation,²⁶ Government response appears to be insufficient to address the SIUBEN 2 findings and lacks objective targeting measures. Furthermore, institutional and implementation challenges include the current lack of affordable and sustainable housing improvement solutions for extremely-poor households. In this context, the GoDR has asked the Bank to support some experimental

²⁵ See <http://graduation.cgap.org>

²⁶ INVI. *Plan Estratégico. 2012-2016.*

approach to address housing deficiencies of the poor as part of the Project (Component 1.2).

8. **To some extent, *Progresando Unidos* can be seen as the safety net component of the broader vision that has been promoted by *Quisqueya Sin Miseria*,** echoing the *Brazil Sem Miséria* integrated approach. *Quisqueya Sin Miseria* is being developed and coordinated by the General Directorate of Special Programs for the President's Office (DIGEPEP). The Program consists of three components: (i) *Quisqueya Aprende Contigo* (*Quisqueya Learns with You*), which is aimed at eradicating illiteracy in the country via national mobilization; (ii) *Quisqueya Empieza Contigo* (*Quisqueya Starts with You*), which seeks to implement Integral Early Childhood Care (0-5 years of age); and (iii) *Quisqueya para Todos* (*Quisqueya for All*), which aims to promote Local Integral Development. The latter is more a platform rather than a program. The World Bank forthcoming Education project will support the ECD component of this initiative.

III. TARGETING ASPECTS

9. **The Single Beneficiary Selection System (SIUBEN) is the targeting mechanism created in 2004 to identify and classify households that are eligible for social programs in the DR.** This tool has been a key instrument in the Social protection system, connecting the pillars of social assistance and social security, supporting monitoring and evaluation of social policy processes, and playing a critical role in transforming universal subsidies into transfers targeted to individual and families living in vulnerable and poor conditions. In 2004, the SIUBEN undertook the first census of households comprised in the official poverty maps²⁷ of the country, generated the registry of households that are eligible to receive subsidies and defined the first Life Quality Index (*Indice de Calidad de Vida*, ICV) to classify households according to their levels of structural poverty.

10. **The Life Quality Index (ICV 2004) generated the classification of households,** through “a model that integrates a set of dimensions and statistically significant variables in the definition of life quality conditions, with their respective weighting coefficients”. The ICV is a social policy instrument used to categorize and rank households based on a set of basic components of life standards. These components, identified as those that the Dominican society considers as desirable and chosen based on analysis of life quality surveys, can be systematized into four main dimensions: (i) dwelling characteristics (i.e. material of floors or ceilings); (ii) access to basic services (i.e., electricity, water or gas access); (iii) human capital (i.e., health conditions or educational levels); and (iv) social capital (i.e., family composition or overcrowding). The ICV thus provides a summary measure of structural poverty, while the more dynamic aspects of poverty, complementary to the ICV, are measured by the Ministry of Economy, Planning, and Development (MEPyD) and the Central Bank through the official monetary poverty measure, a proxy of income deprivations that allows the country to capture the effects of crises or adverse shocks affecting vulnerable individuals. While the incidence of

²⁷ SIUBEN. 2012. *Calidad de Vida. Estudio Socioeconómico de Hogares en República Dominicana*. República Dominicana: 16.

poverty is equivalent when measured through the SIUBEN ICV and the monetary official measure, the classification of households among ICV levels differs considerably from the categorization based on official poverty levels. Further analysis on the targeting accuracy of the current ICV model and the update of the model itself will be supported through the Project.

11. This **index allows for categorization of households into four groups: Extreme Poor (ICV1), Moderate poor (ICV2), Non poor I (ICV3) and Non poor II (ICV4)**. Based on these categories, social programs select their target population. For instance, the target population of the CCT Program and the Subsidized Health Insurance scheme SENASA are households classified as ICV1 and 2, while for targeted subsidies (Electricity, Gas), the target population includes households classified as ICV1 and 2, and a proportion of ICV3 households.

12. With the support from the World Bank current Social Protection Investment Loan, the SIUBEN Department carried out the **Second Socio-economic Census in 2011-2012 (SIUBEN 2), updating the cartography methods and expanding to cover new poverty areas considered in the official poverty maps**. The validated information included in the ESH2011 is called the Active Database, a dynamic registry of eligible beneficiaries that varies overtime as potential changes in households (such as birth, decease or address variations) are updated in the recorded.²⁸ Once the SIUBEN 2 was finalized in 2013, the SIUBEN embarked in the process of updating the ICV (ICV2013) to better capture the profiles of poverty and improve accuracy in the classification of households that are eligible for social programs. This ICV2013 is currently in the process of being validated with the Active Database and the registries of social programs. At the end of 2014, Government finished the validation process of the SIUBEN 2 database and subsequent application of the ICV 2013 model to the active database, and therefore has started identifying the implications for new entries to, and exits from, social programs. At every stage, technical advice (through *Mesas Técnicas*) from the group of key donors (WBG, IADB, and UNDP) has been sought and this process will continue in the coming years.

13. The following **Tables 1 and 2 below present the distribution of SIUBEN households and PROSOLI households among poverty levels**, calculated on Active Database, as of July 7th, 2014. Since the government is in the process of validating the ICV2013, note that these tables will most likely change as a result of updating processes once the government formally assumes the ICV2013 index and applies it to social programs, defining the strategy for new entrants and exits.

Table 1 Distribution of SIUBEN Households by Poverty Levels (ICV Categories)

| SIUBEN population | | ICV 1 – Extreme poor | ICV 2 – Moderate Poor | ICV 3 – Non poor I | ICV 4 – Non poor II | Total |
|-------------------------|-------------|----------------------|-----------------------|--------------------|---------------------|-----------|
| Calculated with ICV2013 | Numbers | 421,594 | 1,278,852 | 687,213 | 115,138 | 2,502,797 |
| | Percentages | 17% | 51% | 27% | 5% | 100% |

²⁸ All information in this PAD derived from the SIUBEN is calculated based on the Active Database of the 7th of July 2014 with the ICV2013, as agreed between the World Bank and the Government.

Table 2. Distribution of PROSOLI beneficiaries by Poverty Levels (ICV Categories)

| PROSOLI population (households) | | ICV 1 – Extreme poor | ICV 2 – Moderate Poor | ICV 3 – Non poor I | ICV 4 – Non poor II | Total |
|---------------------------------|-------------|----------------------|-----------------------|--------------------|---------------------|---------|
| | | | | | | |
| Calculated with ICV2013 | Numbers | 166,865 | 523,065 | 196,691 | 24,631 | 917,252 |
| | Percentages | 18% | 58% | 21% | 3% | 100.0% |

IV. INNOVATIVE SOCIAL ACCOUNTABILITY MECHANISMS WITHIN THE CCT

14. The PROSOLI CCT program uses social accountability mechanisms such as the Community Report Cards (CRCs) or *Reportes Comunitarios* and the *Puntos Solidarios* to promote citizen engagement and participatory monitoring of public services. The GoDR has been committed to strengthening social accountability and user feedback in the field of social protection through CRCs since 2011 and more recently with *Puntos Solidarios* since August 2013.

15. **The CRCs is a community scorecards program which the World Bank has been supporting through the Bank’s Social Protection Investment Loan and the DPL series on Performance and Accountability of Social Sectors (PASS).** CRCs provide a formal channel for the PROSOLI beneficiaries to voice their opinion about the education, healthcare, and the social services they receive. As one of the first community monitoring schemes in the DR, the CRCS help beneficiaries and service providers to detect problems in public service delivery and the CCT program, and implement jointly identified action plans to solve the problems. Most issues are immediately addressed at the local level, while other issues are directed to the provincial or regional-level committees as necessary. Three pilots of CRCS have been implemented across five different provinces since 2011. The Project will continue supporting the CRC which is currently being scaled up nationally based on the lessons learned from the pilots [See below].

16. **The *Puntos Solidarios* offer a one-stop direct service point as well as a grievance redress mechanisms for PROSOLI beneficiaries.** Through *Punto Solidario*, which has been in operation since August 2013, beneficiaries are able to receive consultations, make service requests, and file grievances regarding the PROSOLI program, ADESS, and SIUBEN. The *Puntos Solidarios* services are offered both in *Punto Solidario* offices located in all provinces and online.

17. **These two social accountability mechanisms complement each other in improving service delivery and closing the feedback loop.** While the *Puntos Solidarios* cover the administrative aspects of the CCT program, the CRC addresses the service delivery issues in education, healthcare, and skills trainings, in addition to the CCT program. Also, while the CRC takes place annually or biannually, the *Punto Solidario* is available for beneficiaries at all times with physical presence in all provinces. As such, the complementarity of these two mechanisms enhances the accessibility and broadens the scope of user feedback mechanism for beneficiaries.

This Project will support the integration and the strengthening of both these mechanisms introducing integrated information systems and ICT solutions in order to increase the capacity to respond to user feedback and increase the program transparency and efficiency.

18. **CRCs Implementation and Results. A process evaluation of the CRCs was recently conducted with support from the Human Development Chief Economist's Office.**²⁹ CRCs were first piloted in early 2010, followed by two phases of implementation in late 2011 and early 2012 in both urban and rural regions of the country. The three incremental implementation phases enabled the CRCs to shape themselves fitting to the local context and to couple its implementation with existing CCT operations and institutions. Given the success and acceptability of this tool, the Government decided to expand its application to the entire territory, and has approved its expansion plan for 2013-14. Community scorecards, and the processes to address the issues they raise, have now become a full-fledged part of the program's management system and monitoring and evaluation system. A majority of the issues raised via community scorecards were immediately addressed by the local service delivery committees and the local CCT Program management team, while some other issues were directed to and resolved at the provincial or regional-level intersectoral committees. The final balance of Action Plans for the latest pilot conducted in late 2012 show that more than 50 percent of the issues raised were resolved across all sectors and regions.

19. The key **supportive factors** in implementing CRCs were as follows:

- **Acceptance and engagement at the central level** was garnered by joint efforts of the Bank and the donor community through efforts ranging from training to funding, which set the tone for civic participation.
- **Acceptance and engagement at the local level** was achieved by coupling the implementation of the scorecards with existing CCT Program operations and institutions.
- **Government ownership of the tool** conferred legitimacy to the social auditing scheme and facilitated enforcement of the action plans. CRCs were mainstreamed in the Operational manual of PROSOLI.
- The **intersectoral CCT committees**, set up by the Government with the support of the Bank, addressed the issues that could not be solved at the local level as well as the structural problems, which helped in closing the feedback loop.

20. Some challenges in CRCs remain. First, providers' engagement must improve. While the CRCs have seen increase in acceptance of the tool among service providers, interviews find that the most problematic shop owners or doctors tend to be absent. In addition, planning and dissemination of Information should also be strengthened: During the pilots, due to the time constraints and the cumbersome workload, the implementation team was often hasty in delivering training and sending information, which resulted in low rate of participation among service providers. Timely dissemination of information on the CRCs' objectives, process, and the schedule, as well as timely and clear meeting notifications are essential to give participants ample time to plan attendance. Finally, continued efforts should be made to ensure financial and political sustainability.

²⁹ See Park, Seollee (forthcoming): Monitoring and Evaluation from the Grassroots: The case of Community Scorecards in the Dominican Republic.

Annex 8: Social Analysis. Appraisal Summary.

DOMINICAN REPUBLIC: INTEGRATED SOCIAL PROTECTION AND PROMOTION PROJECT

Social Dimensions of the Integrated Social Protection and Promotion Project (P147213)

1. The Project's design and inclusive (including gender-friendly) arrangements have been informed by three key series of analyses and consultations with stakeholders: (i) a review of secondary evidence (Regional UNDP Poverty Maps, WBG Equity Report, Gender USAID analysis, UNDP-sponsored CCT Gender Assessment, a review of Gender Issues in Housing, Key Issues highlighted in Community Scorecards reports; Impact Evaluations of the CCT *Solidaridad*, and the Youth Employment Project); (ii) broad-based consultations (including with Women NGOs) in the context of the CPS in which the Project is included; and (iii) project-specific consultations by the Client and Bank teams with National NGOs and regional Civil Society Organizations (CSOs) in the provinces targeted by the *Progresando Unidos* initiative. Furthermore, the Social Cabinet's contribution to poverty reduction has led to the creation of the Poverty Alliance Network, which includes relevant sectoral ministries (i.e., Women, Agriculture, Education, and Health) and NGOs. In this context, and since social inclusion and poverty reduction are integral to the Project's objectives, the decision was made to treat social assessment (including its gender component) as an iterative approach within Project design and implementation, versus carrying out a stand-alone social assessment.

2. This annex summarizes how inclusiveness permeates the Project's objectives and expected impacts on the target population. It also outlines the Project's implementation arrangements to address exclusion risks based on poverty and/or gender; relevant monitoring and evaluation features; as well as users' feedback loops and measures to ensure voice and accountability.

- *The Project's Objectives stress the explicit focus on poor citizens and expected social impacts are expected to be very positive* as per the evidence presented in the economic analysis [VI.A and Annex 6]: increased incentives for eligible, extremely-poor families to keep children in school longer and improve health care behaviors; improved household health and living conditions linked to replacement of floors; enhanced employability for young women and men, and overall expected decrease in youth idleness.
- *Potential target groups.* The Project will use the Government's Single Beneficiary Selection System (known as SIUBEN) to target beneficiaries and Sub-Component 3.1 will work on strengthening the accuracy of the instrument as a continuous process. The targeted provinces are those with the highest percentages and absolute numbers of households categorized as extremely poor. Women are expected to benefit disproportionately from expected benefits: as of May 2014, approximately 21,000 extremely-poor households would be eligible to join the CCT program in the 14 selected provinces and of these approximately 17,000 are headed by women.
- *Inclusive arrangements and/or measures were agreed to address the key potential barriers linked to income and gender that were identified during preparation.* With regard to housing improvements (Sub-Component 1.2), the requirement that beneficiary households participate in construction activities will be calibrated to promote women's participation, by not requiring any hard physical labor (e.g., activities would include

preparation of the site for construction, cleaning after work is completed, removing waste, and painting walls). It is noteworthy that unlike in other countries, land titling did not appear as a key obstacle for female-headed households to benefit from this Sub-Component: 70 percent of eligible households (living on own land or public land) are headed by women according to a desk review of the SIUBEN database. With regard to the PROSOLI Youth Employment Promotion Program, trainers' curricula will adapt to the potentially low level of skills of this low-income target group. Similarly, stipends will be provided to address opportunity, including transportation, and child-care costs for low-income female participants with small children 0-5 years. PROSOLI will also encourage synergies with PROSOLI childcare centers' activities (*Centros Esperanza* in some PROSOLI's training centers and financed outside of the Project) and of forthcoming Early Childhood Education spaces of the Ministry of Education (*Quisqueya Crece Contigo Initiative*).

- *The Monitoring and Evaluation System* for this Project will track gender-disaggregated data and key reports will be made accessible to the public.
- In addition, users of the CCT and potential opportunities will be able to engage in monitoring the delivery of the Project's opportunities through the Community Report Cards and the mechanisms of grievance and redress set up in the *Puntos Solidarios*, which will be improved and scaled up as part of Sub-Components 2.2. In terms of voice, it is noteworthy that all CCT PROSOLI households are organized in small nuclei (of about 40 households) to enhance social capital and that it is largely women who are heading these nuclei.

3. Finally, technical assistance (Sub-Component 3.3) will provide qualitative analysis and systematization of non-tangible improvements in the lives of poor CCT users in selected provinces. Special emphasis will be placed on important gender issues such gender-based violence and adolescent pregnancy, which are not addressed directly by this operation but which are directly addressed by the CCT program in its training of households (socio educational component) and through its close partnerships with the Ministry of Women and Women NGOs. Similarly, further inclusiveness of the CCT PROSOLI and linkages with other institutions (INFOTEP, for example) will be analyzed with an eye to reaching out to persons with disabilities.