



Program Information Documents (PID)

Appraisal Stage | Date Prepared/Updated: 08-Feb-2021 | Report No: PIDA235429

**BASIC INFORMATION****A. Basic Program Data**

Country Colombia	Project ID P174341	Program Name Support to the development of Colombia's Integrated Social Registry	Parent Project ID (if any)
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date 10-Feb-2021	Estimated Board Date 18-May-2021	Practice Area (Lead) Social Protection & Jobs
Financing Instrument Program-for-Results Financing	Borrower(s) Ministry of Finance & Public Credit	Implementing Agency National Planning Department	

Proposed Program Development Objective(s)

To make Colombia's Social Registry more inclusive, dynamic, and integrated for use by select social programs.

COST & FINANCING**SUMMARY (USD Millions)**

Government program Cost	1,688.70
Total Operation Cost	1,688.70
Total Program Cost	1,688.70
Total Financing	1,688.70
Financing Gap	0.00

FINANCING (USD Millions)

Total World Bank Group Financing	300.00
World Bank Lending	300.00
Total Government Contribution	1,388.70

Decision



The review did authorize the team to appraise and negotiate

B. Introduction and Context

Country Context

1. **In recent decades, Colombia has demonstrated impressive performance in terms of economic growth and poverty reduction.** Colombia experienced strong gross domestic product (GDP) growth over the last two decades at average rates of 4.4 per year. Growth was accompanied by a sustained reduction in unemployment that dropped from 12 percent in 2009 to 9.2 percent in 2016, although this began to increase again in recent years. Poverty also dropped from 49.7 percent in 2002 to 27 percent in 2018, and extreme poverty was cut in half from 16.4 percent in 2008 to 7.2 percent in 2018. Figures remained higher for women and families with young children. More comprehensive indicators like the multidimensional poverty index (MPI) also show marked social improvements: MPI headcount dropped from 30.4 percent in 2010 to 17.5 percent in 2019. Poverty reduction was primarily driven by an expanding work force and growth in real labor incomes. For extreme poverty, the most important factor was public transfers, which explained most of the decline in extreme poverty rates between 2002 and 2018. This underlines how important well-targeted public transfers have been for effective poverty reduction in Colombia. In 2014, for the first time, the middle class represented a higher share of the population than the poor (30.2 percent of the population are middle class).

2. **The poor are particularly vulnerable to shocks with poor households being four times more likely to suffer shocks as compared with richer households.** The poor are particularly vulnerable to shocks, including climate-related ones, notably through impacts in access to housing, water, health, and food security. The poor, many of whom live in urban areas are often net purchasers of food and food consumption accounts for over 70 percent of their total household expenditure on average. Additionally, the poor often live in low-quality housing in the most exposed areas and municipalities. Three of the most common reported coping mechanisms to climate shocks are reducing food consumption, selling assets, and pulling children out of school to save the fees and have the children work. Many of the Colombians who did escape poverty over recent years did not enter the middle class but made it only into the 'emerging middle class' or vulnerable population, living on US\$4 to \$10 a day. This group, almost 40 percent of the population, remains vulnerable to shocks that might push them back into poverty. There are therefore a number of critical threats to the gains made in recent years.

3. **After the relatively consistent growth and poverty reduction performance, the COVID-19 crisis is causing the first recession in Colombia in 20 years and the worst in more than a century.** The economy is expected to contract by 6.7 percent in 2020. The fiscal deficit is expected to widen to 8.2 percent of GDP and general government debt is expected to increase to 66.5 percent of GDP in 2020. It is anticipated that poverty will increase between 3.0 and 9.1 percentage points, depending on the severity of the economic contraction. Importantly, the current set of policy responses, including cash transfers to households, are contributing to mitigate this poverty surge.



4. **As it looks towards the phase of economic reactivation, the Government is continuing to focus on prudent macroeconomic policies and medium-term development priorities as set out in the National Development Plan (*Plan Nacional de Desarrollo, NDP*) 2018–2022.** As the COVID-19 crisis continues, the Government of Colombia (GoC) is further prioritizing interventions that concurrently tackle the longstanding development priorities identified in the NDP and catalyze recovery from COVID-19. In identifying key priorities for the rest of the current administration, the Government has highlighted a focus on poverty reduction and employment creation, including through expanded social assistance programs. These priorities, among others also announced, will imply the need for some fiscal consolidation measures over 2020–2022, including targeted expenditure containment and rationalization, as well as measures to ensure that spending is as well-targeted and as efficient as possible.

Sectoral and Institutional Context

5. **Colombia has developed tools and service delivery strategies to improve the effectiveness of existing social protection interventions. Colombia's Sisbén registry is a key example.** The growth of social programs and the need to prioritize social spending spurred the development of new tools and strategies to target, coordinate and track social spending. Colombia's social registry, *Sistema de Identificación de Potenciales Beneficiarios de Programas Sociales* (Sisbén) designed and managed by the National Planning Department (*Departamento Nacional de Planeación, DNP*) was first introduced in 1995. It has since been the main targeting instrument for social programs in Colombia. Sisbén is defined as “an instrument of social policy, for targeting social spending, which uses statistical and technical tools that allow identifying and ordering the population, for the selection and allocation of subsidies and benefits by the entities and programs, based on the socioeconomic conditions registered in it”.¹ As of March 2020, Sisbén contained validated information for more than 39.4 million people, equivalent to approximately 78 percent of Colombia's population. Despite the challenges faced in maintaining updated and accurate information, Sisbén remains a broadly used instrument and 21 social programs at the national level currently use it for targeting, including flagship cash transfer programs in Department of Social Prosperity (DPS). The largest programs using Sisbén collectively represent 2.7 percent of GDP highlighting the importance of Sisbén for social policy in Colombia. In addition, Sisbén is used by some local government for targeting their programs.

6. **Sisbén also faces challenges to integrate data on household needs with accurate information on the coverage of social programs.** While social programs use data from Sisbén, they do not provide it with data on their own coverage. This means that Colombia lacks a consolidated beneficiary registry of social programs. If fully exploited, more complete data exchange between Sisbén and social programs would be able to inform decision-making and facilitate linkages across programs. Data exchange could help identify gaps in coverage and thereby inform program-level decisions and facilitate referral of existing and potential beneficiaries to the most appropriate service pathways. At the policy level, integrated demand and supply information can lead to improved budget allocation among programs and more equitable regional distribution

¹ Decree 441 of 2017. Sisbén uses a Proxy Means Test (PMT) for inputting household income from socio-economic data provided by the household and verified through a home survey.



of public resources. A consolidated geographic picture of social programs in Colombia today is not available.

7. **The Government has put in place the framework for a comprehensive reform to address the main challenges of Sisbén.** CONPES 3877 of December 2016 outlined the design of Sisbén IV, setting out a reform program that aims to address the significant challenges which Sisbén faces. The reform offers a significant window of opportunity to shift the status quo and create a more integrated social information system that serves as the channel for dynamic inclusion.

8. **Further to CONPES 3877, Decree 441 of 2017 updated Sisbén's regulations to optimize its operation and provided specific rules for its organization and administration.** Decree 441 empowers the DNP to establish the criteria for the custody and privacy of the information registered in Sisbén; assigns the DNP responsibilities regarding the inclusion, validation, quality control and exclusion of records; and establishes rules for the exchange of information between public entities and individuals.²

9. **The Government overcame significant challenges to mount an effective social response to the COVID-19 crisis through a process of rapid innovation that laid the operational foundations for a Social Registry.** The need for the Government to rapidly respond to the socio-economic impact of COVID-19 provided a critical impetus for the rapid adoption of an expanded vision of the social registry. Although the reforms proposed by Sisbén IV provided support for the proposed definition of a social registry in Colombia, several of the decrees issued within the framework of the Economic, Social and Ecological Emergency (Decree 417 of 2020) were key to providing an adequate legal, political and institutional framework for its implementation. Decree 518 of 2020 and Resolution 1093 of 2020 that established the new *Ingreso Solidario* program (Income Solidarity), an emergency unconditional cash transfer program, introduced the concept of a master database (*Base Maestra*, BMA)³. The BMA comprised data from Sisbén III and IV registries, which were then cross-referenced with other existing beneficiary registries (from the largest cash transfers programs) and with administrative records from other public entities (including the civil registry, social security, and financial superintendent). The BMA was able to manually expand, for the first time, the existing social registry and consolidate information from nearly 3.4 million additional people. The creation of the BMA allowed the Government to reach around 3 million new beneficiaries in the *Ingreso Solidario* program. Based on the success of this approach, Decree 812 of 2020 formally created the Social Registry in Colombia, to be administered by the DNP with the mandate to maintain accurate and up to date socio-economic information on households as well as track and evaluate the implementation of social programs over time.

10. **The reform is expected to lead to improvements in both the efficiency and effectiveness of social spending.** Building on Sisbén IV, the establishment of the Social Registry is expected to

² According to Article 2.2.8.1.6 of Decree 441 of 2017, the treatment of the information registered in Sisbén is subject to compliance with the personal data protection regulations established in the Constitution, Laws 1437 of 2011, 1581 of 2012, and 1712 of 2014. According to these norms, all public entities receiving private information are mandated to adopt the necessary measures to guarantee its security, restricted circulation and confidentiality.

³ *Ingreso Solidario* is a new, temporary unconditional cash transfer program established as part of the Governments COVID-19 response. It is targeted to 3 million vulnerable households not registered for other cash transfer programs.



bring significant benefits in terms of the impact of social spending. The potential benefits from the reform include; (i) reduction in inclusion errors and increased focus of public spending on the poorest and vulnerable, leading to increased impact in terms of promotion and protection of human capital, (ii) reduction in transaction costs for government and beneficiaries alike, improving the efficiency of spending and promoting inclusion through reduced barriers to access, and (iii) faster and adequate response to needs particularly to shocks (including those induced by climate change) improving household resilience and the cost effectiveness of government response.

PforR Program Scope

11. **The proposed Program aims to achieve its Program Development Objective (PDO) by supporting results related to the Government's reform of its social registry.** The World Bank proposes to support the Government in addressing four underlying challenges that are currently present in the implementation of Sisbén and the establishment of the new Social Registry, each corresponding to a results area of the proposed operation. First, the Government needs to have complete and up-to-date information on the potential population in need of support; that is information on the potential **demand for social programs and services**. Second, demand information needs to be integrated with accurate information on the **supply and availability of flagship social programs** so that they can be more effectively targeted and coordinated at the household level. Building on these two primary objectives, there is a need for **dynamic allocation of benefits based on reliable information** to ensure that quality and timeliness can be effectively leveraged. Finally, these approaches will only be successful if supported with a **robust institutional framework that promotes a 'citizen-centered' approach**, putting usability and accessibility at the heart of the reform.

C. Proposed Program Development Objective(s)

12. The PDO is **"to make Colombia's Social Registry more inclusive, dynamic, and integrated for use by select social programs."**

13. **The PDO includes the adoption of several critical concepts within Colombia's Social Registry.** "Inclusive" refers to the need to ensure that the poorest and most vulnerable households are included within the Social Registry. "Dynamic" refers to the need to ensure that the socio-economic condition of those households is updated regularly in the Social Registry; thereby ensuring that it can capture changes in welfare over time. "Integrated" refers to the merging of data on household need with data on availability of social programs so that there is a single integrated framework for implementing social policy.



D. Environmental and Social Effects

Environmental and Social

14. **The Environmental and Social Systems Assessment (ESSA) for this Program was undertaken to:** (a) identify the possible benefits, risks and environmental and social impacts applicable to the interventions of the Program; (b) review the policy and legal framework related to the management of the environmental and social impacts of Program interventions; (c) assess the institutional capability regarding environmental and social management systems within the Program system; (d) assess the performance of the Program system with respect to the basic principles of the PforR instrument and identify gaps, if any; and (e) submit recommendations and PAPs to address gaps and improve performance during the Program's implementation.

15. **The combined risk assessed at entry is Moderate (low environmental and moderate social risk).** The ESSA confirms that the current system for managing the environmental aspects of the Program are reasonably covered by the regulations and institutional capacity of the entities involved, where establish the Public Policy for the comprehensive management of Waste Electrical and Electronic Equipment (WEEEs) that could be generated in the future. Social risks are linked to the possibility of exclusion of potential beneficiaries at the beginning or during of the implementation of the RSH. The findings from the ESSA are intended to ensure that the Program is implemented in a manner that maximizes potential environmental and social benefits and avoids, minimizes, or mitigates adverse environmental and social impacts and risks. The PAP includes activities that would bridge the remaining gap in the environmental and social management systems in line with the PforR. The proposed program is expected to contribute to increasing the environmental benefits related to land use, adaptation to Climate Change and the prevention and mitigation of geophysical risks to which poor and vulnerable inhabitants of different regions of the country are exposed.

Environmental System

16. **The Program does not have explicit environmental management objectives.** The ESSA confirms that the current system for managing the environmental aspects of the Program is reasonably covered by the country's regulations and institutional capabilities and is consistent with the WBG's PforR Policy and Directive. The results areas identified under the Program and the corresponding DLIs do not recommend activities and/or actions that will have significant adverse impacts on the environment that are sensitive, diverse, or unprecedented. The program activities will not generate a WEEE compared to the current situation.

17. **The integration of Social databases and the National Risk Management Unit will contribute to adaptation to climate change and the reduction of vulnerability to geophysical risks.** Starting with Sisbén IV, household data will be georeferenced for the first time, which will allow the RSH to link households with geophysical risk areas, and their vulnerabilities due to climatic variations, to implement prevention, mitigation and adaptive social protection response.

Social System



18. **The Social Household Registry (RSH) is expected to generate fundamental social benefits, particularly through its efforts to improve the design and implementation of the social protection system.** The new proposed system, the RSH, will integrate the existing information in the Sisbén (with 25 years of experience) on the demand side (individuals and households) with information on the supply, or coverage, of social programs. The Program will contribute to establishing a new Social Household Registry that dynamically integrates information on demand with information on the supply of social programs. In addition, the Program aims to include victims of the armed conflict, indigenous peoples, ethnic minorities, and other vulnerable communities linked to dispersed rural populations, street dwellers and other populations without a fixed residence, and migrants.

19. **Citizen participation.** There is a variety of mechanisms for citizen participation in the Social sector. From the government side, the DNP supports long-standing institutional mechanisms for citizen participation based on decrees and laws, including the PND, and CONPES. At the territorial level, the municipalities are the main point of contact with the people/households. Communication with ethnic groups is carried out through the articulation spaces that are established through the Ministry of the Interior linked to the Directorate of Affairs for Black, Afro-Colombian, Raizales and Palenqueras Communities, the Directorate of Indigenous, Rrom and Minority Affairs. In addition, there is a mechanism for Petitions, Complaints, Claims, Requests and Complaints (PQRSD), institutionalized in all government agencies.

Summary of the findings of core ESSA principles

20. **The relevance of the ESSA core principles in relation to the program activities has been assessed by the team and is summarized in Table 1 below.** Core Principle 1 - General Principle of Environmental and Social Management is relevant to the program activities. In terms of social, two additional core principles are applicable to this Program: (i) Core Principle 5 - Due consideration to be given to the needs or concerns of vulnerable groups; and (ii) Core Principle 6 - Avoid exacerbating social conflicts. Core Principle 2, aimed at avoiding, minimizing or mitigating the adverse impacts on natural habitats and physical cultural resources that result from the Program, is not relevant, since the Program does not have planned interventions that generate impacts on natural habitats or resources physical cultural. Core Principle 3 is not relevant either, given that there will be no construction, no exposure to toxic chemicals, no hazardous waste and other hazardous materials will be generated under the Program, there will not be reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards, nor activities that would demand to protect the public safety and of the workers against the associated potential risks. Core Principle 4, acquisition of land, is not relevant because the Program does not foresee any acquisition of land, since the Program is not compatible with any construction, so there will be no expropriations or resettlements as a consequence of the project, nor any limitation of access or use of land.

Table 1. Program Activities and ESSA Core Principles

ESSA	Core Principle	Analysis
Environmental		The operational phase may present certain risks and impacts associated with the management of Waste Electrical and Electronic Equipment (RAEEs), when the replacement of



		computer equipment of servers and system terminals that will integrate the different databases and the integrated system of the RSH. The Risks are adequately covered by Colombian legislation.
Social	1. Environmental and Social Management	The Program is expected to have positive impacts on the population, especially the most vulnerable sectors, also on women and children, and on the adult population, including dispersed rural populations. Positive impacts are achieved through (i) reducing poverty by increasing the effectiveness and equity of flagship cash transfer programs; (ii) improve efficiency through the implementation of social management tools; and (iii) promote equity in the targeting of social programs through the implementation of the RSH.
Social	5. Due consideration to be given to the needs or concerns of vulnerable groups	<p>The purpose of the Program is to generate positive impacts by promoting access to benefits for unprotected and vulnerable groups, considering the inclusion of all variables. Therefore, it has a low probability of any negative social impact. The current situation of pandemic by Covid-19 has modified the eligibility situation registered in the census sweep of Sisbén IV and possibly modify the possibility of access of citizens to the new records procedures. The Program will support activities to have complete and up-to-date information on the population that needs support from programs and social services, by linking databases on the demand side and on the supply side, under a "citizen centric approach".</p> <p>It is necessary to establish procedures and alternatives so that citizens / households have accessible safe mechanisms and guidance that allow them to access their own data in the system and to have adequate access to information for applying, registering or keep particular benefits.</p> <p>For Indigenous peoples, Afro-Colombian black communities, Raizales and Palenqueras, and the Rrom people, it is necessary to advance with the definition of new and expanded linkage mechanisms based on the new needs of the RSH in order to have the human, material and economic means that allow establish a differential approach for socio-cultural adaptations that considers their ethnic and cultural identity, forms of social organization and linguistic characteristics for each ethnic group.</p> <p>The procedure to establish the governance of the RSH should clarify the mechanisms of integration, inter-institutional articulation and interoperability of all existing databases and registries and those to be created, especially of the most vulnerable groups.</p>
		No exclusion of any group in terms of class, religion or geography is expected for the activities of the Program. In addition, the country's health sector has been responding to the phenomenon of Venezuelan migration since 2015 and has recently



	6. Avoid exacerbating social conflicts	strengthened its plan. The attention to returning Colombians, who had left the country has also been incorporated. In the case of victims caused by or in relation to the armed conflict, as of today the <i>Unidad para la Atención y Reparación integral a las Víctimas</i> (Unit for Comprehensive Attention and Reparation to Victims maintains the Single Registry of Victims (<i>Registro Unico de Víctimas</i>). With the project, this information will be integrated into the RSH. In turn, the Ethnic Affairs Directorate of the Victims Unit has culturally appropriate integration mechanisms.
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21. Communities and individuals who believe that they are adversely affected as a result of a Bank supported PforR operation, as defined by the applicable policy and procedures, may submit complaints to the existing program grievance redress mechanism or the WB’s Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address pertinent concerns. 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 <http://www.inspectionpanel.org>.

E. Financing

Program Financing

Sources	Amount (USD Million)	% of Total
Counterpart Funding	1,388.70	82.23
Borrower/Recipient	1,388.70	82.23
International Bank for Reconstruction and Development (IBRD)	300.00	17.77
Total Program Financing	1688.70	

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