



DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
INTEGRATED SOCIAL PROTECTION AND PROMOTION PROJECT
APPROVED ON MARCH 12, 2015
TO
DOMINICAN REPUBLIC

SOCIAL PROTECTION & JOBS

LATIN AMERICA AND CARIBBEAN

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I. BASIC DATA

Product Information

Project ID P147213	Financing Instrument Investment Project Financing
Original EA Category Not Required (C)	Current EA Category Not Required (C)
Approval Date 12-Mar-2015	Current Closing Date 30-Sep-2020

Organizations

Borrower Dominican Republic	Responsible Agency Social Cabinet
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Project Development Objective (PDO)

Original PDO

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.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IBRD-84790	12-Mar-2015	23-Mar-2015	28-Oct-2015	30-Sep-2020	75.00	55.69	19.31

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

I. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES



Summary of Project Status

1. **Project Status.** The Project was approved on March 12, 2015 and declared effective on October 28, 2015. The Original Closing Date was March 30, 2019. This date was extended until September 30, 2020 through a restructuring process approved on August 30, 2018.
2. **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. Under Component 1, Integrated Area-Based Social Protection and Pro-poor Service Delivery, the Project aims to improve access of poor citizens of selected provinces to an integrated package of social protection and promotion opportunities by: (i) bridging conditional cash transfer (CCT) program, Progressing with Solidarity (PROSOLI, for its Spanish abbreviation), coverage gaps for extremely poor households in the Food Program, Comer es Primero; in the Incentive for School Attendance, ILAE; in the school program scholarship, Bono Estudiantil Estudiando Progreso, BEEP; and in the subsidized national health insurance, SENASA; (ii) increasing access of around 7,000 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 around 30,000 young women and men from CCT households. Component 2 (Strengthening of the PROSOLI CCT Program and Support to Targeted Household) and Component 3 (Enhancing Equity and Results-orientation) aim to strengthen PROSOLI's and the Social Cabinet's operational and monitoring capacity to implement an integrated approach of social protection and promotion services for the poorest provinces as well as the institutional strengthening at the national policy level to sustain progress of the main instruments of the social protection system.
3. **Implementation Progress.** Progress toward the achievement of the PDO is rated Moderately Satisfactory and implementation is on track to enable targets to be met. Overall Implementation Progress and Component 1 ratings are rated Moderately Satisfactory. Components 2 and 3 are rated as Satisfactory. Intermediate results indicators related to Components have been largely met: eight out of 14 intermediate indicators have been fully achieved (related to Component 2 on institutional strengthening of PROSOLI, Customer Management System, and one-stop service delivery points; as well as to Component 3 on management information systems and results orientation institutional strengthening), five are partially achieved but have shown sustained progress (related to coverage of primary education transfers, secondary education transfers, and health services; completion of youth trainings; and completion of the community reports cycles), and one indicator will only be reported when the impact evaluation of the Project is completed (related to floors). Full achievement of the indicators' targets is expected by the revised closing date. Detailed implementation status of Project activities is as follows:
4. **Component 1. Integrated Area-Based Social Protection and Pro-poor Service Delivery, US\$ 42.7 million (\$26.6 million executed).**
 - a. **Subcomponent 1.1. Bridging CCT gaps.** US\$ 3.4 million (\$2.8 million executed). This Subcomponent uses an output-based disbursement mechanism that employs external technical verification procedures (AVI as abbreviated in Spanish) to report the increase in coverage of the PROSOLI Program and to the subsidized health system (SENASA, as abbreviated in Spanish) in the poorest provinces of the country. AVI Report No.8, covering up to the second semester of calendar year 2018, shows that the number of households covered by the PROSOLI "Food is First Program" (or CEP as abbreviated in Spanish) is 116,167; and the total number of individuals covered by: (1) the PROSOLI "Incentive for School Attendance" transfer program (or ILAE as abbreviated in Spanish), (2) the PROSOLI "Incentive Progress by



Studying” transfer program (or BEEP as abbreviated in Spanish), and (3) the National Health Care System (SENASA as abbreviated in Spanish) are 98,662; 31,597; and 105,861 respectively. Full achievement of these indicators is expected once the AVI reports for 2019 and 2020 are submitted and acceptable to the Bank (expected by September 2020 and March 2021). The AVI report for 2019 is still under preparation as the Single Beneficiary Selection System (SIUBEN, as abbreviated in Spanish) final database was finalized at the end of 2019.

b. Subcomponent 1.2. Housing improvements. US\$ 15.75 million (\$11.4 million executed). Two large contracts were completed during the first semester of calendar year 2019, substituting dirt floors with cement for 3,837 households. A third bidding process was awarded in the second semester of 2019 and 7,162 (cumulative) beneficiary households’ dirt floors have been replaced with cement floors as of April 6, 2020. Three additional contracts were awarded in February 2020 to include more households as budget was available. Due to the COVID19 pandemic these activities were placed on hold in March 2020 but are expected to be completed by the revised closing date requested in this paper. The end target of this component will be surpassed by the revised closing date, covering more than 9,000 households compared to the original 7,500 end-target and successfully closing the gaps for those households in the 14 targeted provinces that are classified as having a Life Quality Index of 1 (i.e. extreme poor households) using the SIUBEN targeting algorithm.

c. Subcomponent 1.3. Productive Opportunities. US\$ 23.5 million (\$12.4 million executed). The Project has supported four rounds of competitive processes to contract training providers for PROSOLI youth beneficiaries (with an end-target of 30,000). Three rounds were completed by May 2020 graduating around 17,921 youth beneficiaries. In early 2020, the Project signed contracts and started the fourth competitive round for 460 training courses (8,600 youth beneficiaries) to be implemented by private providers and 180 additional courses (3,600 youth beneficiaries) to be implemented by PROSOLI and INFOTEP. The COVID19 pandemic put on hold the delivery of these 640 courses. However, the Project was able to make adaptations to advance implementation of the activities. For example, after the lockdown, 265 of the 640 awarded courses adapted the delivery of the theoretical phase of the course by using virtual technological platforms and covered around 57 percent of the theoretical educational hours up to May 2020. However, as the pandemic evolved and more restrictions were put in place, the rest of the phases and the new courses were put on hold. These activities will be re-activated once the lockdown is lifted with the respective bio-security measures for both beneficiaries and the providers. Given this progress, the intermediate indicator of percentage of participants from PROSOLI that finish vocational training reached 59.7 percent and is already considered as achieved (covering 60 percent of the end-target of 30,000 youth). However, the current number of beneficiaries reached is still falling short of the of target of 30,000 PROSOLI youth members. In addition, beneficiary follow-up surveys show that, before the pandemic, a bit more than 35 percent of the beneficiaries were inserted in productive activities after they completed the trainings. Finally, the data collection activities for the impact evaluation of this Subcomponent were also put on hold and can only be re-activated after the lock-down is lifted. Activities under this Subcomponent are expected to be re-activated after the lock-down is lifted and completed by the new closing date of the Project.

5. Component 2 on strengthening the PROSOLI CCT Program and Support to Targeted Households (US\$ 8.9 million, US\$ 6.2 million executed) and Component 3 on enhancing equity and results-orientation (US\$ 23.2 million, US\$ 16.7 million executed) are under implementation and proceeding as planned in general. Although intermediate indicators have been mostly met for these two components, there are some key large activities that have been put on hold due to COVID19. These activities are related to: PROSOLI territorial trainings, strengthening of users’ orientation services (Puntos Solidarios), implementation of two rounds of feedback mechanisms (Reportes Comunitarios), improvement and purchasing of equipment for the Management Information System and the inter-operability of systems for improved service provision, and other capacity strengthening activities for the Social Cabinet in terms of results-



oriented planning and evidence-based policy making and reforms. Moreover, data collection activities for the impact evaluation of the Subcomponent 1.2 and 1.3 of the Project were also put on hold, as well as dissemination activities for the SIUBEN's Third Socioeconomic Study, which the Project financed in 2018-2019 and which collects data on socio-economic conditions of households that are eligible for social programs. The study updates the Life Quality Index used for targeting purposes. Activities under these Components are expected to be re-activated after the lock-down is lifted and completed by the new closing date of the Project.

6. Financial Progress. The Project began implementation in earnest in January 2017, almost two years after approval, when the main activities related to providing services to the beneficiary families under Component 1 began. The initial delays were mainly triggered by a presidential election in 2016. As of July 1, 2020, the Project has disbursed US\$ 55.7 million or around 74 percent of the total loan amount (US\$ 75 million). Of the US\$ 19.3 million in undisbursed loan proceeds, it is expected that US\$ 8.9 million would be disbursed by December 2020 (large contracts for approximately US\$ 6.7 million are already signed and under implementation) and the remaining US\$ 10.4 million disbursed in 2021. On average, the Project has disbursed US\$ 11 million every fiscal year (US\$ 0.5 million in FY16, US\$ 3.4 million in FY17, US\$ 12.9 million in FY18, US\$ 23.9 million in FY19, and US\$14.9 million in FY20). With the current implementation pace, the Project is estimated to disburse around US\$ 6 million per semester on average for the remaining implementation period and expected to be fully disbursed by the new closing date, given the current fiduciary capacity of the implementing unit. Fiduciary arrangements continue to be assessed as Satisfactory and the PIU is a strong asset to project implementation. The Project does not have any outstanding audit reports and all audit reports are satisfactory to the Bank. The Project does not trigger any safeguards.

7. Progress towards achievement of PDO. The Project has partially achieved its objectives. Progress toward the achievement of the PDO is rated Moderately Satisfactory and implementation is on track to enable targets to be met. Overall Implementation Progress and Component 1 ratings are rated Moderately Satisfactory. Components 2 and 3 are rated as Satisfactory. The human capital objective is partially achieved: fully achieved for CCT coverage (99 percent); and partially achieved for basic education transfers (96 percent), secondary education transfers (93 percent), and health coverage (71 percent). The housing improvements objective is almost fully achieved: the percentage of eligible extremely poor PROSOLI users in selected provinces with dirt floors replaced by reinforced cement floors has reached 67 percent compared to its end target of 70 percent. The enhance employability for youth objective is partially achieved: fully achieved in terms of vocational training target for graduation rates (60 percent end-target); but partially achieved in terms of the number of beneficiaries reached (17,921 youth members trained compared to an end-target of 30,000). The total number of direct beneficiaries of the Project have reached 1,768,113 individuals compared to its end target of 1,925,518, 51 percent of whom are women.

8. Risks. The Project's Overall Risk is rated Substantial. The main risk linked to the proposed extension is that implementation may continue to suffer delays during the political transition planned for 2020. This delay could be exacerbated due to (i) the impact of COVID19 in the dynamics of the Project's activities due to the lack of mobility and proximity that the nature of the pandemic imposes; (ii) any institutional restructuring and possible new course of action to the social protection structure; and (iii) potential adverse weather events, particularly with the start of the 2020 hurricane season, which is predicted to be above-average in intensity. The key mitigation measures that would be in place if this extension is granted include: (i) engaging in an early dialogue with the new government authorities to facilitate a smooth transition and ensure full engagement with Project implementation, including an on-boarding training (technical and fiduciary) for new counterparts; (ii) adjusting the implementation plan to consider the full reactivation of activities in the field after the mobility restrictions in the country are lifted in September 2020, while also continuing with the implementation of activities that can be carried out virtually; (iii) preparing and negotiating contract extensions for the provision of services, contracting the financial audit, and launching key new procurement



or contracting processes according to approved procurement plans; and (iv) updating procurement plans to reflect the extended timeframe and preparing the national budget planning exercise for calendar year 2021 by early September to ensure the timely allocation of resources to the Project. Planning and budgeting instruments have been updated to prepare this Restructuring Paper and the procurement plan will be adjusted in STEP if this restructuring is approved. The time-bound implementation plan has been agreed with the counterparts and will be periodically updated as these risks evolve.

Restructuring

9. Proposed changes. This restructuring proposes an 18-month extension of the loan closing date from September 30, 2020 to March 20, 2022. No change in component costs, disbursement allocation by category, or results framework is envisioned.
10. Rationale for Restructuring. On January 10, 2020, the Government expressed their interest in requesting an 18-month extension to ensure all the loan proceeds are disbursed and activities completed. This period is required to complete activities under Component 1. Particularly, the 18-month-period would allow the Project to implement the last cycle of training courses. Each cycle takes around six months to contract so that courses begin in the first months of each calendar year. With this extension, the courses would begin in 2021. The Bank team agrees with the Government's request, considering that the PDO is achievable within the proposed extension period, the performance of the implementing entity is satisfactory and expected to continue during the extended implementation period. The proposed extension would also allow sufficient time to ensure the institutionalization of project activities and to engage actively with the new administration on social protection issues, which will be key to continue mitigating the impact of COVID-19 on the most vulnerable households.
11. The Social Cabinet has agreed on a time-bound implementation Plan, which identifies critical activities (in terms of financial and physical execution) to address the delays and complete the Project within the extended timeframe. This extension would allow for the completion of the following activities that are key to achieving the PDO and ensure full disbursement of the Project: (i) the delivery of the AVI Reports for 2019 and 2020 for the Output-Based component; (ii) completion of contracts for the substitution of dirt floors; (iii) the completion of the third and fourth round of training courses and launching of the final round; (iv) the completion of the third and fourth round of Community Report Cards; (v) institutional strengthening activities for M&E, systems development, and evidence-based policy making and reforms; and (vi) the completion of the impact evaluation of the Project. The Bank has reviewed and found the time-bound action plan to be satisfactory.
12. This extension would also allow for sufficient time to ensure the institutionalization of project activities and engage actively with the new administration on social protection issues, which will be key to continue mitigating COVID-19 impact on the most vulnerable households. The country's Social Protection system faces structural challenges, which the COVID-19 pandemic has greatly exacerbated. The new administration will need to mitigate the increase in poverty to safeguard recent gains in human capital and poverty reduction while continuing to improve the living standards of the country's most vulnerable groups. An extended implementation period would allow for adjustments to Project implementation to respond to the COVID-19 pandemic and to reflect the new administration's priorities. On the other side, the extension would facilitate the adoption at the institutional level of the regionally integrated approach supported by the Project, which has created a service delivery mechanism for food security, education, health, housing, and employability services for the poorest. Finally, once the impact evaluation is finalized the results will be used to improve the program design. For all these reasons, the proposed 18-month extension of



the Project's loan closing date from September 30, 2020 to March 20, 2022 is necessary to adjust to the pandemic impacts and the political-institutional situation in the country.

II. DETAILED CHANGES

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IBRD-84790	Effective	30-Mar-2019	30-Sep-2020	20-Mar-2022	20-Jul-2022