PROJECT INFORMATION DOCUMENT (PID)  
CONCEPT STAGE

Report No.: PIDC4999

<table>
<thead>
<tr>
<th>Project Name</th>
<th>INTEGRATED SOCIAL PROTECTION AND PROMOTION PROJECT (P147213)</th>
</tr>
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<tbody>
<tr>
<td>Region</td>
<td>LATIN AMERICA AND CARIBBEAN</td>
</tr>
<tr>
<td>Country</td>
<td>Dominican Republic</td>
</tr>
<tr>
<td>Sector(s)</td>
<td>Other social services (80%), Public administration- Other social services (20%)</td>
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<td>Theme(s)</td>
<td>Other social protection and risk management (40%), Social safety nets (40%), Urban services and housing for the poor (20%)</td>
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<td>Lending Instrument</td>
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<td>Project ID</td>
<td>P147213</td>
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<td>Borrower(s)</td>
<td>Ministry of Economy and Finance</td>
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<td>Implementing Agency</td>
<td>Social Cabinet</td>
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<td>Date PID Prepared/Updated</td>
<td>28-Mar-2014</td>
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<td>Date PID Approved/Disclosed</td>
<td>25-Jun-2014</td>
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<td>Estimated Date of Appraisal Completion</td>
<td>11-Jul-2014</td>
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<td>Estimated Date of Board Approval</td>
<td>12-Nov-2014</td>
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<td>Concept Review Decision</td>
<td>Track II - The review did authorize the preparation to continue</td>
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I. Introduction and Context

Country Context

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 has been far from 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 Caribbean Region-LCR average of 30 percent). Extreme poverty, which began the decade below 9 percent, rose to 15 percent in 2005 before declining to 9.5 percent in 2011, which is 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 the poor still outnumber the middle class by more than 10 percentage points (World Bank, 2013 Economic Mobility and the Rise of the Middle Class). There are also important disparities in terms of human capital and
employment outcomes: 41 percent of children 3-5 years old in the poorest quintile attend pre-
primary school, compared to 62 percent in the richest, while only 48 percent of poor adolescents
14-18 years old attend secondary school, as opposed to 62 percent of the wealthiest. Seventy-five
percent of employed individuals in the poorest quintile work in the informal sector, compared to 46

Sectoral and Institutional Context
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 non-contributory social assistance. First, it 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 Conditional Cash Transfers (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 that was carried out 2004 to SIUBEN 2,
which was launched in September 2013 and covers 1.8 million households (55 percent of the
population). Second, it has seized the momentum of the 2008 food, fuel, and financial (FFF) crisis
to reform the 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. These advances have contributed to a decline in poverty rates following the 2003-2004
banking crisis and helped to avoid further declines into poverty following the FFF crisis (World
Bank, forthcoming. When Prosperity is not Shared).

However, there are persisting challenges to be addressed, if the social safety nets system is to help
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. SIUBEN
recently estimated the number of extremely-poor households at approximately 180,195 (SIUBEN 2
survey). The latest CCT impact evaluation suggests that this would improve income consumption,
help satisfy basic needs, and generate human capital gains (Section III.B). PROSOLI needs to
innovate and build on its local presence to respond more effectively to regional disparities through
territorial (area) approaches. Both the Human Development Map (Human Development Report,
2013) and the SIUBEN 2 Survey 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 Elías Piña is considered extreme poor, as opposed to 3.5 percent in Monseñor Nouel.
• PROSOLI also needs to adjust to different dimensions and types of poverty. Beyond access
to health and education, all poor households need to be connected to skills-enhancing opportunities
and income-generating opportunities. Moderate poor may have improved basic living conditions,
and even meet program education and health requirements to graduate out of the CCT, but may
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, face additional needs
in terms of basic service provision, such as clean water or housing. Within the ten provinces with at
least 20 percent of households living in extreme-poverty, 23 percent of respondents were found to
suffer from overcrowding conditions and almost half (48 percent) required improvements in
housing walls, reaching a peak of 62.5 percent in Monte Plata.
• At a more systemic level, and in a context of fiscal restrictions in social spending, continued
support will also be needed to consolidate advances in targeting, efficiency of pro-poor social
spending, and results-oriented management. Scaling-up innovative users feedback mechanisms that
have been piloted in the past three years will also contribute to this agenda.

The Government is already starting to respond to these challenges. Building on past World Bank Group (WBG) interventions and donor collaboration, the proposed Project would support those efforts. Specifically, the Social Cabinet just launched the Progresando Unidos initiative starting this calendar year. Progresando Unidos will connect extremely poor CCT users to a transformative package of productive activities and housing improvements in 14 provinces out of 32: ten where at least 20 percent of the population is categorized as extremely poor households, and 4 with the highest levels of households in extreme poverty in terms of absolute numbers. To some extent, Progresando Unidos can be seen as the “targeted social protection component” of the broader platform that has been promoted by Presidential initiatives such as the Quisqueya Sin Miseria initiative, which echoes the Brazil Sem Miseria integrated approach to extreme-poverty reduction (see Annex 3).

Relation to CAS
The proposed 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-NDS); equal rights and opportunities; building an effective and efficient social protection system (NDS), as well as “a dignified and healthy life for all” (Government Plan of President Medina). Similarly, the proposed Project responds to the WBG mandate to eradicate extreme poverty and increase shared prosperity, and as such is fully consistent with the Country Partnership Strategy (CPS) that is currently under preparation.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)
The proposed PDO is to improve access of poor Dominican citizens to an integrated package of social protection and promotion opportunities in selected territories.

In the context of this Project, “promotion” broadly refers to a set of services and opportunities 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 testing agile modalities to provide CCT users with basic housing improvements.

The underpinning vision of the Project is two-fold: (i) to support area-based transformative interventions that will not only contribute to 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, while (ii) continuing to support required improvements in the social protection system that are needed for the success and sustainability of these territorial interventions such as enhanced targeting and results-based orientation.

Key Results (From PCN)
The expected key results are outlined below:

• PROSOLI identifies and incorporates at least 50 percent of eligible extremely-poor households (ICV1) in selected provinces, as identified by the SIUBEN 2 Survey.

• At least % (TBC) of adults (women and men) from PROSOLI households participate in selected productive initiatives: skills-enhancing opportunities and small business development
• At least ten of the 14 provinces targeted by PROSOLI Unidos have completed poverty diagnostics using SIUBEN 2 results and newly developed cartography [alternative: % of programs linked to PROSOLI that use the SIUBEN for targeting their beneficiaries].

III. Preliminary Description

Concept Description

The proposed Project would have three components, which are detailed in Annex 4.

Component 1. Integrated Area-Based Social Protection and Pro-poor Service Delivery. Building on Progresando Unidos, this Component would contribute to the financing of services and opportunities for extremely-poor and moderately poor CCT users in selected territories, partly through an output-based approach (OBA)- i.e. linking payments to different service-providers to previously specified and verifiable outputs, as follows:

(i) Bridging CCT Coverage Gaps for extremely-poor Households with a view to smooth their consumption levels and increase access to education and health services, all of which contribute to human capital improvements;

(ii) Increasing access of extremely poor CCT users to housing improvements, through the financing of a pilot housing improvement scheme; and

(iii) Increasing Access of CCT Users to productive opportunities; providing a tailored “menu” of skills-enhancing opportunities for labor market insertion: micro-grants for small businesses for extremely-poor households, and/or connection of moderately poor adults to existing micro-finance schemes.

Component 2. Strengthening the CCT PROSOLI and its Articulation Capacity.

To ensure the success of the above integrated area-based strategy, this component would support the strengthening of PROSOLI, complementing support provided by the IADB, and focusing on operational improvements. Sub-components would include:

(i) Incentivizing territorial coordination, presence and outreach. Through an output-based approach, this component would contribute to the financing of various pre-investments that will be required to ensure sound delivery and implementation of the integrated area-based approach.

(ii) Strengthening Inter-connectivity of Management Information Systems, to ensure better coordination between PROSOLI, SIUBEN, and major service providers to be included in the operation, such as the Vocational Training Institute INFOTEP.

(iii) other relevant Technical Assistance and Capacity-building (refinement of the Unidos Strategy and revisions to the Operational Manual; specific support to the graduation strategy of Progresando Avanzando, for those CCT households who no longer qualify for the program; strengthening of the recently developed units of PROSOLI for linkages to productive activities and housing improvements; and strengthening of regional intersectorial CCT Committees, among others).

Component 3. Enhancing Equity, Results-orientation, and Transparency.

This last component would complement targeted interventions at the territorial level with institutional strengthening at the national policy level to sustain progress in the building blocks of the social protection system, including: (i) updating and strengthening the SIUBEN; (ii) enhancing results-orientation and user feedback mechanisms; and (iii) promoting innovation and policy development. A flexible set of technical assistance and capacity-building activities will inform social protection debates and reform in the DR including, among others, a move toward pro-poor social policies that could complement targeted programs such as PROSOLI, with housing and
productive inclusion as an important feature. Finally, this last component would also provide support for the coordination of the Loan implementation.

IV. Safeguard Policies that might apply

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V. Financing (in USD Million)

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VI. Contact point

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