

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	EL SALVADOR/CID - Isthmus & DR
▪ TC Name:	Support for the preparation and implementation of the shock-responsive social protection loan operation in El Salvador
▪ TC Number:	ES-T1366
▪ Team Leader/Members:	TEJERINA, LUIS R. (SCL/SPH) Team Leader; DIANA CONTRERAS (CID/CES); BAGOLLE, ALEXANDRE (SCL/SPH); HIDALGO, NIDIA (SCL/GDI); SUAREZ VAZQUEZ, GINES (CSD/RND); SANMARTIN BAEZ, ALVARO LUIS (LEG/SGO); VANESSA CURRAN (SCL/SPH)
▪ Taxonomy:	Operational Support
▪ Number and name of operation supported by the TC:	Shock responsive social protection in El Salvador - ES-L1159
▪ Date of TC Abstract:	03 Mar 2023
▪ Beneficiary:	República de El Salvador
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$200,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	36 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	CID/CES - Country Office El Salvador
▪ Unit of Disbursement Responsibility:	CID/CES - Country Office El Salvador
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality ; Gender equality; Diversity

II. Objective and Justification

- 2.1 The objective of this TC is to strengthen the preparation and implementation of the shock-responsive Social Protection Loan in El Salvador (ES-L1159) through studies related to the design of the operation.
- 2.2 El Salvador (ES) is the smallest and most densely inhabited country in Central America. It is made up of 6.3 million people, 38% of the population is located in rural areas and 64% of the population is concentrated in 5 of the 14 departments. El Salvador has a GDP per capita at current prices of US\$4,551.00. At the national level, 24.6% of households are in poverty (27% rural and 23.2% urban). El Salvador is a country vulnerable to shocks and adverse events: 88.7% of the territory is considered a risk zone and 95.4% of the population settles on that surface, which makes it one of the most vulnerable countries in the world. Additionally, in El Salvador 71.9% of the poor live in areas exposed to natural disasters. Additionally, the country has one of the highest prevalence rates of food insecurity in the region (46.5%). In 2022 there was the highest increase in the price of food experienced in 26 years. A SICA study estimated that there were 47,000 people in a state of food insecurity emergency in that year. On the other hand, the evidence shows that children are the most exposed to the negative effects of catastrophes, since they are psychologically and physically vulnerable; and they can develop post-traumatic stress disorder and often experience interruptions or delays in their educational progress as a result of disasters.

The country conditions to be able to respond with a social protection system are limited due to low coverage. The planned population for delivery of transfers for households with children under 2 years of age was 2,653, for young people up to 21 years of age it was 3,746 and for older adults it was 37,442. However, there is progress in creating the capacity to manage transfers to households in poverty. The Single Registry of Participants (RUP) is an information system that is institutionally located in the Presidential Palace and covers around 22% of Salvadoran households. One of the largest databases is the one used to deliver gas subsidies. Said database is institutionally located in the Ministry of Finance, and has a coverage of 62% of the population; however, the information available is extremely limited (basic data and electricity consumption).

The Bank has received a request from the Government to prepare a US\$100 million loan to develop a social protection system that is responsive to different types of shocks. To do this a number of preliminary studies are needed, these include assessments on normative, cybersecurity, data governance among others. The TC will fund key studies to improve the design of the system to be built under ES-L1159.

III. Description of Activities and Outputs

3.1 **Component I: Component I: Studies for the design and execution of shock-responsive social protection in El Salvador..** This component will fund technical, studies, related to the governance of a social protection system, geospatial data analysis, data interoperability, a payment systems diagnostic and cybersecurity (ethical hacking). required to strengthen the design and execution of shock-responsive social protection in El Salvador- ES-L1159. It will also fund courses and certifications in technical areas such as data governance and data analytics.

3.2 **Component II: Component II: Studies and Activities related to early childhood development and population with disabilities.** This component will fund the development of studies and activities for areas of attention to early childhood, gender and diversity. These will include a diagnostic of current systems for early childhood development data and the incorporation of criteria for people with disabilities in different Government information systems.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Component I: Studies for the design and execution of shock-responsive social protection in El Salvador.	US\$150,000.00	US\$0.00	US\$150,000.00
Component II: Studies and Activities related to early childhood development and population with disabilities	US\$50,000.00	US\$0.00	US\$50,000.00
Total	US\$200,000.00	US\$0.00	US\$200,000.00

V. Executing Agency and Execution Structure

5.1 The executing agency will be the Inter-American development Bank since the studies to be funded by the TC are highly technical and require the direct supervision of the Bank specialists participating in the design of the loan.

5.2 This execution structure is justified, on the one hand, by the Bank's experience in developing the operational and technical instruments proposed for this type of

operation. On the other hand, it is justified by the knowledge of SCL/SPH in shock-responsive social protection systems, in addition to its leadership in the application of digitalization and gender issues in initiatives to expand social protection coverage in the countries. The Bank's previous experience will make it possible to establish logical and robust guidelines for the development of this TC. All of the above positions the Bank as an actor that can deliver added value by executing this TC. The Government of El Salvador supports this execution structure and sees a strategic role in the Bank for the fulfillment of the expected results of this TC.

VI. Project Risks and Issues

- 6.1 Because of the multiple institutions involved there is a risk that ownership of the products and the development of the system will have dispersed ownership and less clarity about roles and responsibilities. The TC will include a strong component on governance definition to eliminate any risks along these lines.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "undefined".