



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 04/22/2020 | Report No: ESRSC01307



BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Mexico	LATIN AMERICA AND CARIBBEAN	P172647	
Project Name	Covid 19 - Mexico National Digital Identity System Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Governance	Investment Project Financing	8/21/2020	10/22/2020
Borrower(s)	Implementing Agency(ies)		
Ministry of Finance and Public Credit (SHCP)	Ministry of the Interior (SEGOB)		

Proposed Development Objective(s)

The proposed Project Development Objective (PDO) is to establish a foundational digital ID system in Mexico that will ensure universal and unique identification of individuals to facilitate their access to services and benefits.

Financing (in USD Million)	Amount
Total Project Cost	250.00

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

The proposed Project Development Objective (PDO) to establish a foundational digital ID system in Mexico that will ensure universal and unique identification of individuals to facilitate their access to services and benefits. This will contribute to guarantee the fundamental human right to a legal identity which enables individuals to fully exercise their rights. The project will achieve this through three key areas of intervention or project components: (1) Improvement of the quality and coverage of civil registration services; (2) Establishment of the National Identification Service; and (3) Institutional Strengthening and Project Management.

Public Disclosure



D. Environmental and Social Overview

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social] World Bank Identification for Development (ID4D) 2018 data shows that 3.7 million people in Mexico are still unregistered, which accounts for nearly 3 percent of Mexico’s population. A reliable and universal identity system in Mexico will be accomplished through a comprehensive strategy to eliminate under-registration, improve timely registration, guarantee unique identity by linking CURP with birth registries and biometric information (with modern deduplication methods), and to provide reliable identification and authentication services. The principles and cross-cutting elements that provide the framework for the project’s strategy are: (a) Inclusion: Universal coverage and accessibility; (b) Design: robust, secure, responsive and sustainable (including built-in privacy by design in a National Identity System); and (c) Governance: building trust by protection of privacy and user rights (World Bank, 2018). The geographical scope of the project is nationwide, but the project does not imply a geographical or physical footprint as it will mostly focus on harmonizing identity data and strengthening civil registry offices by providing technical assistance and capacity building at the state and federal level.

The social features of the project are critical to ensure that all individuals, including vulnerable populations, benefit from the proposed intervention. As such, the project has the potential of benefiting such populations by facilitating access to social and economic services via a unique identity system. However, if not adequately designed and implemented, the project has potential to impact vulnerable populations negatively by reinforcing the identified barriers that vulnerable populations face to exercise their identity rights, including geographical, economic, cultural, and time-related barriers (UNICEF, 2018). According to the National Population Council (CONAPO in Spanish), by 2017 most of the municipalities with two percent or more people without birth registration were also municipalities with high levels of extreme poverty. That is the case a number of municipalities in Chiapas, Oaxaca, Chihuahua and Puebla. Similarly, almost five percent of people without civil registration speak an indigenous language, while almost 23 percent of people without birth registration self-declared as Indigenous Peoples (IPs). While under-registration is low in absolute terms with estimates ranging from 0.7 to 2.9 percent of the population (UNICEF, 2019; World Bank, 2019), the percentage of indigenous people (IP) without birth registration is significantly higher compared to other demographic groups. Mitigation measures to address these barriers and existing exclusion of vulnerable populations, particularly IP, are being implemented by RENAPO, and additional measures will be included in the project design to comply with the World Bank Environmental and Social Framework (ESF).

Corresponding mitigating strategies are outlined in the sections below, and RENAPO is already implementing initiatives to ensure the necessary focus on vulnerable populations as key beneficiaries of the efforts to improve an identity system in Mexico.

D. 2. Borrower’s Institutional Capacity

The Project Implementation Unit (PIU), which will hold administrative, social and environmental risk management and monitoring responsibilities for the proposed project, is expected to be located in the General Directorate of the National Registry of Population and Personal Identification (RENAPO), which is an administrative unit in the Ministry of the Interior (SEGOB). The PIU will coordinate with the administrative units in the Ministry that are institutionally responsible for procurement for the Ministry. SEGOB does not have recent experience working with the World Bank and has thus no prior experience in complying with the ESF. However, RENAPO is already implementing various practices related to efforts to include vulnerable and historically excluded groups in Mexico to ensure that these populations know about the benefits of exercising their identity rights and how to do it. For example, in collaboration with the National Institute of Indigenous Languages (INALI in Spanish), RENAPO implemented the program “Certificate in your Language” (Acta tu Lengua), through which birth, marriage and death registration certificates are translated



into 30 indigenous languages. Furthermore, in 2019, in collaboration with the state-level civil registry offices and the National Institute of Indigenous Populations (INPI in Spanish), RENAPO led registration campaigns in municipalities with high presence of indigenous populations, including municipalities in the States of Morelos, Durango, Chihuahua, Oaxaca and Guerrero. These efforts of identifying beneficiaries and affected parties of identity related initiatives, including vulnerable populations, and of engaging with them in a meaningful manner will be leveraged by the project and the project communications campaigns to engage not only with IPs but other identified vulnerable populations such as persons living with disabilities and populations living in remote and rural areas. In environmental terms, the project implies so low risk that an actual assessment of the institutional capacity is not required. However, the World Bank team will closely work with RENAPO to build additional capacity needed to engage with vulnerable populations in a meaningful manner and other ESF related aspects, particularly on social issues. Further assessment of RENAPO’s capacity to comply with the ESF will be also done by the team during preparation.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Moderate

Environmental Risk Rating

Low

The proposed project’s Environmental Risk is assessed Low, as it will finance strengthening the quality and coverage of civil registration services, establishment of the National Registry and Identity System (SID in Spanish), and institutional strengthening of RENAPO to harmonize Mexico’s identity system. The project will require upgrading RENAPO’s data center, likely including installation of air conditioning, electrical system, false floor and electrical and communications connections. Further, old IT equipment will be disposed of and new equipment financed, including Information and Communication Technology (ICT) infrastructure that does not imply civil works. Said disposal will be carried out complying with the national e-waste regulations, and new electronic equipment and biometric devices to be purchased are expected to be energy efficient.

Social Risk Rating

Moderate

The project’s Social Risk is rated Moderate. Based on the analysis of the project activities as well as activities already carried out by RENAPO in coordination with civil registry offices, it is determined that the project is not likely to cause significant risks or negative impacts on human populations. On the contrary, the project is expected to have several positive social impacts: better access to social and economic services; security and protection of identity data; address potential discrimination derived from changes in gender identity; and establishing disability as one of the characteristics in the database that can serve as a Disability Certificate through verification services.

The following social risks were identified:

- 1) Risks of exclusion of vulnerable populations. This project includes communication campaigns in an inclusive manner to ensure that marginalized populations (IPs, persons living with disabilities -PwDs-, and populations living in remote rural areas) are significantly reached and, in turn, learnt of the project and are able to access the new digital ID services. UNICEF, OAS, and the World Bank working jointly with RENAPO have already conducted assessments of the barriers that vulnerable populations in Mexico face when accessing identity services. Findings of these studies will inform the project communication strategies. RENAPO is already working with civil registry offices to conduct enrollment campaigns and ensure translation of identity documents in local languages. An end user research will be

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carried out jointly by RENAPO and the World Bank to validate the barriers vulnerable population and population living in rural areas face when exercising their identity rights, and find the best mechanisms and strategies to address such barriers depending on the specific needs of particular demographic groups (women, elders, PwDs, IPs, populations living in remote and rural areas). The end user research will start during project preparation. The task team and RENAPO will define the study Terms of Reference with the support of the ID4D team at the World Bank. The study is expected to be completed in five months from the moment field work starts.

2) Risks related with adequate enforcement of protection and integrity of individual identity data are common for projects of this nature. Mexico has a robust legislation for identity protection (Federal Law for Protection of Personal Data), recognized as one of the most advanced in the Latin American Region, but there are enforcement gaps. The legislation provides a good basis for protection of identity data, which will be leveraged through the project efforts. Technical specifications of the project include fostering security of identification, identity data, strict protocols for sharing data, and enforcement of existing federal and state laws for protection of identity data.

The project will also prepare Labor Management Procedures (LMP) and Indigenous Peoples Planning Framework (IPPF). The LMP will be prepared by appraisal (August 2020). A draft IPPF with practices already implemented by RENAPO will be ready and consulted by appraisal and will be updated with the findings of the end user research as needed. Finally, a Stakeholder Engagement Plan (SEP) under the project is expected to provide inputs for generating strategies to engage in culturally sensitive ways with IPs, local communities, as well as other vulnerable populations. The SEP will reflect the communication strategies the project will implement to reach out to marginalized population and population living in remote areas. A special focus will be put on a regionally-accessible, culturally-adequate Grievance Redress Mechanism (GRM) that can leverage the existing GRMs functioning in the Mexican Government. A draft and general SEP will be ready and consulted by appraisal and will be updated with the end user research findings.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

ESS1 is relevant for the project. An environment and social (E&S) screening did not identify any potential environmental risks and/or impacts based on the initial information based on (i) the scope of activities described in the project's Concept Note, (ii) Mexico's E&S risk management approach overall, (iii) recent studies on barriers and recommended initiatives to address barriers to exercise identity rights in Mexico, including obstacles faced by vulnerable populations, including assessments conducted by UNICEF (2018), OAS (2020), and World Bank (2017), and (iv) the initial positive response on the necessary E&S management needs by the responsible people in RENAPO.

From the social point of view, the proposed project will have positive impacts as it will facilitate the access to a national identity system of vulnerable populations (e.g., IPs, Afro-Mexicans, people living with disabilities, people living in rural and remote areas) to economic and social services. The project will also positively impact current issues related to individual's data security and manipulation by creating a unique and solid system for digital identity in Mexico. Potential negative impacts are overall limited and mainly related to exclusion issues, e.g., in accessing different population groups through outreach and communications campaigns, and to ensuring the adequate



incentives for populations to provide biometric information (in cases where biometric information is missing from existing databases). These potential negatives effects are mitigated to some extent by RENAPO's current experience in implementing communication campaigns to reach vulnerable groups and by the fact that RENAPO already has identity information of the vast majority of the population in the current National Population Registry (including also vulnerable groups), although it is acknowledged that universality has not yet been achieved.

To maximize the positive impacts and mitigate and avoid any negative ones, the proposed project focuses on technical activities to improve the national identification system to ensure the creation of a foundational digital identity that ensures universal and unique identification of individuals and facilitates their access to services and benefits. The proposed project will mostly work on harmonizing existing identity data and will work on strengthening the capacities of Subnational Registry Offices to better provide services of registry to all the population including vulnerable populations and populations living in rural and remote areas. To complement the most recent studies and identify the barriers for individuals and vulnerable populations to exercise their identity rights and assess the identity ecosystem in Mexico, RENAPO in collaboration with the Bank will conduct a end user research to validate the barriers vulnerable population and non-covered population face to exercise identity rights in Mexico as have been found in other studies (UNICEF, OAS, WB) and find the best mechanisms and strategies to address these barriers based on the particular needs of vulnerable groups. Such study to start during preparation will inform the IPPF for the project. In addition, the team will ensure that the requirements of the World Bank Directive on Addressing Risks and Impacts on Disadvantaged or Vulnerable Individuals or Groups (Directive on Addressing Disadvantaged and Vulnerable) are considered and complied with. RENAPO will incorporate any necessary E&S risk management processes and procedures consistent with ESS1 in the project's Operational Manual latest by Negotiations. During preparation, the World Bank will complete its due diligence on the RENAPO capacity and further assess the relevance of each ESS for the proposed project as its design gets consolidated, including the application of the Directive on Addressing Disadvantaged and Vulnerable.

Areas where "Use of Borrower Framework" is being considered:

N/A

ESS10 Stakeholder Engagement and Information Disclosure

ESS10 is relevant for the project. RENAPO will prepare a draft and general SEP to identify key stakeholders by appraisal, and a detailed SEP will be informed by the end user research. The SEP, covering the project preparation and implementation phases, will outline: a) who the key stakeholders are (comprehensive stakeholders mapping); b) how the project will engage with them, especially regarding indigenous peoples body representatives (i.e. INPI), people living in remote and rural areas, people living with disabilities, and other vulnerable groups such as migrants and refugees, in accordance to the Directive on Addressing Disadvantaged and Vulnerable; c) how often the engagement will occur throughout the project cycle; d) how feedback will be solicited, recorded and monitored; e) who will be responsible for the engagement; and f) the respective timeline and budget and human resources, among other details. To avoid or minimize the risk of leaving certain vulnerable groups behind, the SEP will describe the measures to be used to remove obstacles to participation in the project, and will indicate how the views of differently affected groups will be captured.



Equally, the project will develop a GRM accessible to different stakeholders and the Project will take advantage of the current mechanisms implemented by RENAPO that are deemed adequate. Its main characteristics will include clear procedures for managing claims and other feedback provided on the project, and its design will be guided by principles such as: (a) availability for beneficiaries and stakeholders respecting their sociocultural characteristics, accessibility, and needs, and (b) known procedures and timeline for analyzing and resolving claims and responding all feedback. The GRM will be supported by ICT as appropriate. Regarding ESS2, there will be a specific GRM for all types of workers that contribute to the project implementation. Such GRM can leverage on existing mechanisms for citizen feedback already embedded in Mexican Government entities, and/or they can/need to be specific for a particular group of workers. A more detailed assessment of the specific GRMs for types of workers will be done during project preparation. Related to IPs and other vulnerable populations both the SEP and the GRM will be tailored and include measures sensitive and respectful to their culture, such as the use of indigenous languages and adoption of their own conflict resolution mechanisms, among others.

During project preparation, the key stakeholders that are relevant for this project will be agreed and these will be consulted by RENAPO. The project stakeholders will include, among others, indigenous body representatives (e.g. INPI), and other organizations. Such feedback will be integrated to the relevant ESSs instruments including the IPPF.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

ESS2 is relevant for the proposed project as the project includes direct and contracted workers. No community work is relevant. The PIU will be formed by RENAPO. Activities under the proposed project are not expected to have any negative impacts related to labor and working conditions, and the applicable national legal framework is aligned with the principles of ESS2. In line with ESS2, where Government civil servants are working in connection with the project, whether full or part-time, they will remain subject to the terms and conditions of their existing public sector employment agreement or arrangement, unless there is an effective legal transfer of their employment or engagement to the project, in which case ESS2 will apply to such Government civil servants. Provisions of paragraphs 17 to 20 (Protecting the Work Force) and paragraphs 24 to 30 (Occupational Health and Safety) apply to the project and are covered by Mexican Law in a manner consistent with the ESS2. However, the project may finance consultancy firms. Such contracting will be done by the Government and will request the firms' documented evidence that their working conditions are in line with ESS2. Codes of conduct for project workers, particularly those who will interact with community members, will be also required and enforced during project implementation. These requirements will be reflected in the Operational Manual, bidding documents and the actual contracts between the PIU/RENAPO and its providers. Moreover, RENAPO will establish, maintain, and operate a GRM for its employees and for all types of workers that contribute to the project implementation. This labor-related GRM will be separate to the GRM to be established and implemented under ESS10. Consultancy firms will be requested to provide documented evidence of the existence and effective implementation of a GRM for their workers before starting the contracted service. An LMP will be prepared by appraisal as part of the project's Operational Manual to detail the compliance with ESS2 obligations for project workers



ESS3 Resource Efficiency and Pollution Prevention and Management

ESS3 is relevant as the proposed project will imply disposal of old IT equipment and purchase of new equipment. Relevant provisions will be made in the Operational Manual to (i) secure full compliance with applicable e-waste regulations and (ii) include specifications for energy efficient equipment.

ESS4 Community Health and Safety

ESS4 is not relevant. The proposed project will not finance or support any civil works or other activities that might compromise community health and safety.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

ESS5 is not relevant. The proposed project will not finance physical infrastructure and is not expected to cause physical displacement to formal or informal occupants. No involuntary land taking will be financed and no land will be aquired. No project activities will result in economic loss. The project is not expected to generate any negative impact covered under ESS5.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

ESS6 is not relevant. The proposed project will neither finance nor support any civil works or other activities that might affect biodiversity or management of living natural resources.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

ESS7 is relevant for the project as it is of national scope and Indigenous Peoples (IPs) as defined by ESS7 are present in Mexico. Recent studies such as the ones conducted by UNICEF highlighted that coverage in Mexico is high with an estimate of only 0.7 percent of the population (approximately 900,000 individuals) without birth registry, although relevant gaps, barriers and needs were identified, especially for IPs in exercising their identity rights. This study has identified that IPs, population in rural areas, and the most marginalized and vulnerable face cost-related, cultural, and geographical barriers when trying to access identity services. For example, almost five percent of people without civil registration speak an indigenous language, while almost 23 percent of people without birth registration self-declared as IPs. Compared to other demographic groups, the percentage of indigenous persons without birth registration is significantly higher than non-indigenous populations, although the vast majority of the IPs have birth registration, with over 99 percent of birth registration for IPs, regardless of the definition used for IPs (e.g. self-declared or indigenous language speaker). These gaps are higher among teenagers and women. Among IPs without birth registry, population between three and 17 years old concentrate the highest percentage. Similarly, among population between 60 and 64 years, indigenous women without birth registration concentrate higher percentages than indigenous men. In addition, population who live in rural and remote areas or those who are the poorest face higher barriers related to geographical and cost obstacles in exercising their identity rights. As such, these population



are a higher risks of being excluded of the efforts made by RENAPO under the project to collect biometric data if efforts are not made to reach them in a significant and culturally appropriate manner. The end user research will look at the needs of IPs and other vulnerable populations in more detail, as well as the best mechanisms to address such needs, for example putting in place mobile registration centers, conducting more frequent registration campaigns in remote areas, and reinforcing communication campaigns in a culturally appropriated manner to reach out to IPs and populations living in remote areas. RENAPO is already making efforts to address identified barriers by conducting registry campaigns in municipalities with high presence of IPs, and enforce translation of registry documentation and certificates in over 30 indigenous languages. The proposed project is expected to further strengthen these efforts and maximize the positive impacts of the project for these vulnerable populations.

An IPPF will be prepared by RENAPO to ensure that IPs’ concerns and vulnerabilities are considered during project implementation. This will take into account and be informed by the existing literature and current efforts made by RENAPO, as well as the end user research. The IPPF will contain the specific mechanisms through which IPs will be fully included in a culturally adequate manner in project’s activities. The IPPF will identify the potential positive and negative impacts on IPs by the project and provide recommendations on how to screen for and avoid them, but also how to promote IPs participation in the project. It will contain specific guidelines on culturally adequate consultations/dialogues, as well as measures to ensure joint planning, capacity building and culturally-inclusive implementation of activities, promoting equally distributed benefits for the population, including women and youth. A draft IPPF will be ready and consulted by appraisal with the initiatives and practices RENAPO is already implementing to include IPs and vulnerable populations and will be finalized in project implementation to be informed by the end user research. The IPPF will be consulted within IPs representative bodies, such as the Indigenous People Institute (INPI). The project will collaborate closely with the INPI and take advantage of the rich data of the National Institute of Geography and Statistics (INEGI in Spanish) to prepare the IPPF. The IPPF will be disclosed online and in locations accessible to potentially affected communities and in a culturally appropriate manner. Feedback from the consultations will be integrated into the IPPF.

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ESS8 Cultural Heritage

ESS8 is not relevant. The proposed project will only finance activities aimed at harmonizing Mexico’s identification system. The planned project activities are not expected to affect tangible or intangible cultural heritage.

ESS9 Financial Intermediaries

ESS9 is not relevant. The project will not channel funds to a Financial Intermediary with the objective of sub-lending.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways

No

The project will not finance any activities relevant to international waterways as defined in OP 7.50.

OP 7.60 Projects in Disputed Areas

No

The project activities will not relate with areas known to involve disputes as defined in OP 7.60.



III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered?

No

Financing Partners

N/A

B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:

The PIU/RENAPO will prepare a draft and general SEP by appraisal. The SEP will establish the consultations to be conducted during project preparation and implementation as well as specific measures for a continuous engagement and adequate communication strategies with different stakeholder groups.

An LMP will be prepared by project appraisal.

A draft IPPF will be ready by appraisal and a final version will be informed by the end user research.

The PIU/RENAPO will include E&S risk management processes and procedures consistent with ESS1, ESS2, and ESS3 as part of the project’s Operational Manual .

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

The ESCP will be part of the legal agreement and will cover the arrangements and procedures needed to address the identified environmental and social risks, including: SEP strategies to maintain continuous engagement and adequate communication strategies with the key project stakeholders; finalization of the IPPF, including the finalization of the end user research to be prepared during project preparation; and capacity building activities for RENAPO related to inclusion strategies of IPs and other vulnerable populations as deemed necessary.

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS

28-Jul-2020

IV. CONTACT POINTS

World Bank

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Borrower/Client/Recipient

Public Disclosure



Borrower: Ministry of Finance and Public Credit (SHCP)

Implementing Agency(ies)

Implementing Agency: Ministry of the Interior (SEGOB)

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

Task Team Leader(s):	Henry Forero Ramirez, Clemente Avila Parra
Practice Manager (ENR/Social)	Maria Gonzalez de Asis Recommended on 08-Apr-2020 at 20:05:5 EDT
Safeguards Advisor ESSA	Maria Da Cunha (SAESSA) Cleared on 22-Apr-2020 at 21:35:48 EDT