



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 26-Sep-2017 | Report No: PIDISDSA22877



BASIC INFORMATION

A. Basic Project Data

Country Mexico	Project ID P164152	Project Name MX Social Protection System Additional Financing	Parent Project ID (if any) P147212
Parent Project Name	Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date 11-Sep-2017	Estimated Board Date 07-Dec-2017
Practice Area (Lead) Social Protection & Labor	Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance, SEDESOL, PROSPERA	Implementing Agency SEDESOL/PROSPERA

Proposed Development Objective(s) Parent

The proposed Project Development Objectives are to support the Government’s effort to: (i) increase access of PROSPERA beneficiaries to social and productive programs, and (ii) develop instruments for an integrated social protection system.

Components

- Component 1 - Support to the PROSPERA Program and its linkage with social and productive programs
- Component 2 - Strengthening the Social Protection System

Financing (in US\$, millions)

Financing Source	Amount
International Bank for Reconstruction and Development	300.00
Total Project Cost	300.00

Environmental Assessment Category

Not Required (C)

Decision

The review did authorize the preparation to continue



Other Decision (as needed)

B. Introduction and Context

Country Context

1. While Mexico's economy continues to grow, the growth rate is modest. From 2014 to 2016, the annual average growth rate of its Gross Domestic Product (GDP) was 2.4 percent. This is close to the annual average economic growth rate from the previous two decades, 2.6 percent from 1994 to 2013. Taking into consideration the population growth rate, the annual average growth rate of Mexico's *per capita* GDP for these two periods is below one percent. This modest growth can be explained by internal factors such as productivity and limited application of the rule of law, and external factors that include the sharp drop in international oil prices in 2014, international financial market volatility, the downturn in global economic activity, and, more recently, the uncertainty over the future of the U.S.-Mexico trade relations.
2. Modest growth has hindered poverty reduction. From 2010 to 2014, the official multi-dimensional poverty headcount index stagnated at 46 percent, mostly explained by the lack of improvement in the income poverty rate, which in turn reflects the limited opportunities for the poor to earn an income. Mexico's regional disparities in terms of poverty continue to be present. In 2014, more than 40 percent of the poor were concentrated in only five of the thirty-two states: Chiapas, State of Mexico, Oaxaca, Puebla, and Veracruz. These states have the lowest average per capita income; the highest inequality; largest indigenous population; and the greatest educational gap. These states are also characterized by extreme remoteness, low productivity jobs, and high informality and are also among the most populated states in Mexico.

Sectoral and Institutional Context

3. The Government of Mexico (GoM) has implemented ambitious reforms to unleash productivity, increase the economic growth rate and its pro-poorness, and reduce poverty. Breaking the vicious cycle of poverty requires an integrated reform agenda focused on mutually reinforcing economic and social objectives. As part of the social policy agenda, the current government administration included in the 2013-2018 National Development Plan "Inclusion" as one of the five pillars, called "*Mexico Incluyente*", to strengthen the social protection system and support the poor with an integrated approach. This pillar aims to increase social inclusion and equality of opportunities with a social rights-based approach. To implement this vision the GoM has undertaken and is currently undertaking major efforts, including the implementation of a "redesigned" flagship poverty reduction program now *PROSPERA Programa de Inclusión Social* (previously known as *Oportunidades* and *PROGRESA*); the development of the Integrated Social Information System (SIS); and modifications to the legal framework of the Social Infrastructure Fund (*Fondo de Aportaciones para la Infraestructura Social, FAIS*¹), which included promoting the reform of the Fiscal Coordination Law and establishing detailed guidelines for the operation of FAIS funds, among others, to strengthen its poverty-reducing impact.

¹ The Social Infrastructure Fund is a relatively large de-centralized fund (MXN\$67 billion pesos in 2017) allocated to subnational governments for investment in social infrastructure as part of *Ramo 33*. FAIS is particularly important for small and poor municipalities. In particular, for the "very highly" marginalized municipalities the FAIS represents, on average, 47 percent of the municipal budget.



4. The World Bank has been supporting the GoM in above-mentioned efforts since 2009. To respond to the global financial crisis of 2008 the Bank supported the predecessor of *PROSPERA*, *Oportunidades* program, with a US\$1,503.76 million Project (report No. 46821-MX/P115067), together with an additional financing for US\$1,250 million in 2010. Since 2014, the current Social Protection System Project (Ln. 8447-MX/P147212) has supported the innovative redesign of the program which foster access to social and productive inclusion programs for its beneficiaries and added focus on strengthening the overall social protection system.
5. Mexico's key social programs² have short-term effects on increasing consumption; improving nutrition, health and educational outcomes; increasing resilience against risks and negative shocks through income protection; and reducing poverty in the short term, supporting them becomes a powerful way of increasing their positive effects on increasing human capital and improving the overall wellbeing of targeted populations.
6. As it was the case for the parent Project, the Additional Financing is fully aligned with the World Bank Group's Country Partnership Strategy (CPS) for Mexico, 2014-2019 (Report No. 80800 and 104752) ; with the World Bank Group's Social Protection and Labor Strategy; and with the World Bank Group's twin goals of eradicating poverty and promoting shared prosperity. This Additional Financing falls under the CPS's pillar 2 of "Increasing Social Prosperity" and covers activities related to objective 4 on "improved access to and integration of the social protection system". It contributes to poverty reduction and to boosting shared prosperity by continuing to support the welfare and human capital accumulation of the poor, and continuing to link the poor to social and productive programs. The Bank will also continue support to SEDESOL in strengthening the social protection system, including the development and consolidation of the SIS; the strengthening of FAIS' planning, monitoring and evaluation; and the development of an evidence-based planning system for continuous improvement of its social programs.

C. Proposed Development Objective(s)

Original PDO

7. The Project Development Objectives are to support the Government's effort to: (i) increase access of *PROSPERA* beneficiaries to social and productive programs, and (ii) develop instruments for an integrated social protection system.

Current PDO

8. The AF's PDO is the same as the parent Project.

Key Results

9. The expected key results are outlined below:

² *PROSPERA*, Non-contributory Health Insurance (*Seguro Popular*), and Social Pensions (*Adulto Mayor*).



- Number of *PROSPERA* beneficiaries that participate in social programs
- Number of *PROSPERA* beneficiaries that participate in productive programs
- Core indicator: Number of *PROSPERA* beneficiaries (and disaggregated by gender)
- Number of instruments implemented for an integrated social information system

D. Project Description

10. The proposed AF would support activities necessary for continuity and scale-up of a well performing Project, thus ensuring steadiness in the provision of conditional support to *PROSPERA* beneficiaries for education, health, and nutrition. The resources provided by the AF would support the provision of Conditional Support over the period 2018-2021, while the envisaged restructuring under this AF includes: (i) modification of the scope of current activities and incorporation of new tasks for selected sub-components, (ii) reallocation of loan resources within components but not within categories; (iii) revision of result indicators and targets; and (vi) extension of the parent Project's closing date to June 2021.
11. The AF for the provision of Conditional Support to *PROSPERA* is processed jointly with the restructuring of the parent project to ensure timely technical assistance in support to *PROSPERA* and to allow enough time to fully implement the technical assistance activities originally envisioned under the parent Project, which are key instruments of an integrated social protection system.
12. The AF Project maintains the original two components as follows:

Component 1: Support to the *PROSPERA* Program and its linkage with social and productive programs (amount increased to US\$617.5 million)

Sub-Component 1.1 - Promoting the investment in human capital through the provision of Conditional Support to *PROSPERA* Beneficiaries (amount increased to US\$601.5 million)

13. The AF will provide US\$300 million of additional resources for Sub-component 1.1 to continue supporting Government investments in human capital of *PROSPERA* beneficiaries for education, health and nutrition over the period 2018-2021. Together with parent Project allocations, the total amount of this sub-component will be US\$601.5 million dollars and the overall for Component 1 will be of US\$617.5 million.

Sub-Component 1.2 - Strengthening the Program's operational capacity to promote *PROSPERA* beneficiaries' access to social and productive programs (US\$5.0 million)

14. This Sub-component will continue to support strengthening of the operational capacity of *PROSPERA*, and the intersectoral coordination mechanisms to facilitate access of beneficiaries to productive and social programs. The project will continue supporting the definition of roles and responsibilities of *PROSPERA*'s staff working in the implementation of the social and productive inclusion of *PROSPERA* beneficiaries, the design of capacity building activities such as capacity building and development for staff to better align *PROSPERA*'s objectives and its operation. The project will also support the strengthening of specific



communication mechanisms and tools focusing on specific vulnerable groups such as indigenous peoples. New activities include the (i) capacity building of *PROSPERA*'s bilingual field staff that serves the indigenous populations, (ii) development and implementation of a youth assistance strategy to strengthen labor inclusion and school dropout prevention, and (iii) evaluation of capacity building and skills development plans, and adjustment of these plans, and revisions to the capacity building protocols based on these evaluations.

Sub-Component 1.3 - Strengthening *PROSPERA*'s Monitoring and Evaluation tools and strategy (US\$11.0 million)

15. As part of the restructuring, the sub-component will now include the function of planning. The activities in this sub-component will continue supporting the implementation of *PROSPERA*'s long term evaluation but two activities will change slightly: (i) from updating the program targeting and recertification methodologies to reviewing the targeting and recertification methodologies; and (ii) from supporting the linkages and coordination between *PROSPERA* and the social and productive programs through data collection, evaluations, and perception studies, to supporting studies and evaluations of *PROSPERA* through data collection, evaluations, and studies, among others. The development of a digital platform containing information on *PROSPERA* beneficiaries and social and productive programs supply in the original project will be dropped because there is some degree of overlap with the activities under sub-component 2.1.

Component 2- Strengthening the social protection system (US\$31.6 million – no change in amount, reallocation among sub-components)

Sub-Component 2.1. Developing and implementing an integrated social information system (SIS)- (amount revised to US\$24.5 million)

16. This Sub-component will continue to support the design, development, and implementation of an integrated social information system (SIS).³ Two activities will be added: (i) studies and analyses to better utilize SIS information, and (ii) development of tools to implement quality assurance policy for the data in the SIS.

Sub-Component 2.2. Supporting the development and implementation of SEDESOL's Regional Social Development Strategy (RSDS)-(amount revised to US\$6.1 million)

17. Most of the activities under this sub-component will either be cancelled or changed, and other activities will be added. The Government has requested that this sub-component re-focus primarily on the planning, monitoring and evaluation of FAIS with the ultimate objective of improving social right deprivation indicators (especially the ones focusing on social infrastructure), rather than on strengthening regional operational capacity of SEDESOL through a RSDS (Regional Social Development Strategy). Given that the

³ The main elements of the SIS are: (a) the Social Registry; (b) the Unique Registry of Beneficiaries; (c) the Social Program Catalogue; (d) the targeting mechanism; (e) a monitoring dashboard; (f) a business intelligence tool; and (g) a geographical information system.



organizational structure of SEDESOL at the local level is not feasible anymore, the activity to carry out a diagnostic study to identify the role that SEDESOL could play with the RSDS will change to carry out diagnostic studies in selected localities and regions to identify the challenges at the local level and the role that SEDESOL would play in planning and coordinating. The new activities include the improvement of FAIS targeting through, inter alia, the development of a social infrastructure needs indicator and a social infrastructure registry; the improvement of SEDESOL monitoring system of FAIS; the design and implementation of SEDESOL capacity building strategy related to FAIS to build capacity at the local level; systematization of best practices on planning, monitoring and evaluation on the use of FAIS; and the development of management, planning, monitoring and evaluation strategies to strengthen the institutional capacities of subnational governments through software development and updates to enhance monitoring and evaluation of local investment projects financed with FAIS resources.

Sub-Component 2.3 - Developing an evidence-based planning system for continuous improvement of social programs (US\$1.0 million)

18. The Government requested to include this sub-component to develop an evidence-based planning system in SEDESOL to ensure continuous improvements in the design and implementation of social programs. The proposed are: (i) to design SEDESOL's planning system; (ii) to develop tools to monitor the implementation of key SEDESOL programs; (iii) to collect and analyze data on the views and perceptions of the poor on poverty and on SEDESOL's social programs and policies - the voices of the poor will be incorporated into the planning and program's improvement discussions; lastly (iv) to prepare technical notes that will help document the evidence-based changes of SEDESOL programs.

E. Implementation

Institutional and Implementation Arrangements

19. Implementation arrangements will remain the same as the parent Project. The National Coordination of *PROSPERA* (*Coordinación Nacional PROSPERA*, CNP) will be responsible for the implementation and day-to-day oversight of Component 1; SEDESOL will be responsible for Component 2, including for the new sub-component on planning and evaluation of social programs. Sub-component 2.1 will continue to be implemented by the General Directorate of Geo-statistics and Beneficiary Registry, Sub-component 2.2 by the General Directorate of Regional Development, and Sub-component 2.3 by the General Directorate of Planning, all under SEDESOL. Both CNP and SEDESOL have developed a good track record of implementing projects financed by the World Bank and the Inter-American Development Bank (IADB). The CNP has performed supervision well and no issues have been identified during the Parent Project implementation. While for SEDESOL it was the first time working on a World Bank loan, the Planning and International Relations Unit, as well as the executing departments, have quickly learned World Bank procedures and are fully and adequately complying with the Bank policies and processes.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

Nationwide. Because of the nationwide scope and the focus on poor population, the Project targets



indigenous peoples, generally located at the poorest marginalized localities in the country.

G. Environmental and Social Safeguards Specialists on the Team

- Ximena B. Traa-Valarezo, Social Safeguards Specialist
- Angel Alberto Yanosky, Environmental Safeguards Specialist
- Valerie Hickey, Environmental Safeguards Specialist
- Carlos Alberto Molina Prieto, Social Safeguards Specialist
- Robert H. Montgomery, Environmental Safeguards Specialist
- Arelia Jacive Lopez Castaneda, Social Safeguards Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	No	This policy is not triggered as Project’s activities are not expected to cause any environmental impacts.
Natural Habitats OP/BP 4.04	No	This policy is not triggered as Project’s activities are not expected to cause any impact on natural habits.
Forests OP/BP 4.36	No	This policy is not triggered given that Project’s activities will not impact the welfare of forests nor impact forest dependent communities.
Pest Management OP 4.09	No	This policy is not triggered since the Project will not finance the purchase or significant use of pesticides.
Physical Cultural Resources OP/BP 4.11	No	This policy is not triggered given that Project’s activities are not expected to impact physical cultural resources.
Indigenous Peoples OP/BP 4.10	Yes	This policy is triggered given that the Project supports efforts to strengthen the PROSPERA Program’s performance in states where indigenous people are present. An Indigenous Peoples Plan was prepared prior appraisal of the parent Project and has been successfully implemented. The IPP will remain valid under the Additional Financing and its implementation will continue as long as the Project is active.
Involuntary Resettlement OP/BP 4.12	No	This policy is not triggered as the Project is not



		expected to cause any impacts covered under the involuntary resettlement policy.
Safety of Dams OP/BP 4.37	No	This policy is not triggered given that the Project will not finance the construction of dams nor will rely on the operations of existing dams.
Projects on International Waterways OP/BP 7.50	No	This policy is not triggered since the Project does not affect international waterways as defined by the policy.
Projects in Disputed Areas OP/BP 7.60	No	This policy is not triggered as the Project will not finance activities in disputed areas as defined by the policy.

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

Because the Project involves conditional support to PROSPERA beneficiaries and technical assistance, there are no large scale, significant, and or irreversible impacts.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area: Because the Project involves conditional support to PROSPERA beneficiaries and technical assistance, there are no potential indirect or long term impacts due to anticipated future activities.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

Because the project involves conditional support to PROSPERA beneficiaries and technical assistance, it was not necessary to consider other Project alternatives to help avoid or minimize adverse impacts.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

The IPP includes two specific programs:

- Indigenous Communication Plan, which is conducted by the National Commission of Social Protection in Health in support of PROSPERA beneficiaries in indigenous regions. This plan is intended to encourage health education, better nutrition, and self-care through: general capacity building in health self-care, information dissemination in indigenous languages, and individual guidance. This communication plan incorporates an intercultural perspective and promotes a more flexible approach among health practitioners combining formal with traditional medicine and communities’ perspective on health.
- Bilingual promoters: This Program is the responsibility of the Dirección General de Atención y Operación (DGAO) in PROSPERA. This Program is intended to develop a strategy to provide support to operational personnel in their interaction with indigenous beneficiaries in regions with a high percentage of indigenous population.

The management information and monitoring systems are strong and continue to be strengthened. The PROSPERA



Program and SEDESOL have sufficient institutional capacity for the application of the indigenous safeguards policy. During the implementation of the World Bank financed Project Support to Oportunidades, the Indigenous Peoples Plan (IPP) was successfully implemented and a number of key actions were undertaken to benefit inclusion and better quality support for indigenous people in the Program. PROSPERA has identified efforts to improve the functioning of the Program in indigenous communities as a priority area to be supported under the proposed Project. The institutional assessment carried out during preparation corroborated actual capacity and an institutional strengthening program has been proposed accordingly.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The IPP was discussed prior appraisal of the parent Project with the Secretariat of the Consultative Board of the Indigenous Peoples National Commission (CDI) and duly published in the PROSPERA and SEDESOL webpages on August 2014 (PROSPERA's link:

https://evaluacion.prospera.gob.mx/es/wersd53465sdg1/inicio/CNPDHO_Estrategia_Indigena_2014-2018.pdf;

SEDESOL's link:

https://www.gob.mx/cms/uploads/attachment/file/430/Plan_Indigena_2014_2018_SEDESO_Oportunidades.pdf), as well as the World Bank Website on September 2014 (link:

<https://hubs.worldbank.org/docs/ImageBank/Pages/DocProfile.aspx?nodeid=20183878>). CDI confirmed that the Project and its IPP are aligned with the consultations held on Indigenous People, Indigenous communities and afro-descendent made in the context of the preparation of the National Development Plan and the Special Program for Indigenous Population for 2014-2018 and fully consistent with the Commission protocol for nationwide coverage of interventions. The IPP will remain valid for the Additional Financing and no changes to the published documents are necessary.

B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)

Indigenous Peoples Development Plan/Framework

Date of receipt by the Bank	Date of submission for disclosure
29-Jul-2014	12-Aug-2014

"In country" Disclosure

Mexico
30-Jul-2014

Comments

https://www.gob.mx/cms/uploads/attachment/file/430/Plan_Indigena_2014_2018_SEDESO_Oportunidades.pdf

If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.



If in-country disclosure of any of the above documents is not expected, please explain why:

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered)

OP/BP 4.10 - Indigenous Peoples

Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes

If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Practice Manager?

Yes

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

Yes

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes



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APPROVAL

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