Appraisal Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

Date Prepared/Updated: 03/18/2020 | Report No: ESRSA00507
BASIC INFORMATION

A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Region</th>
<th>Project ID</th>
<th>Parent Project ID (if any)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Madagascar</td>
<td>AFRICA</td>
<td>P169413</td>
<td></td>
</tr>
</tbody>
</table>

Project Name: MG-Digital Governance and Identification Management System Project- PRODIGY

Practice Area (Lead): Governance

Financing Instrument: Investment Project Financing

Estimated Appraisal Date: 3/23/2020

Estimated Board Date: 5/29/2020

Borrower(s): Ministry of Finances and Budget

Implementing Agency(ies): Programme de Réforme pour l’Efficacité de l’Administration

Proposed Development Objective(s):
The Project Development Objective is to increase access to legal identity, improve service delivery in selected sectors, and foster the growth of domestic digital businesses.

Financing (in USD Million)

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>Total Project Cost</td>
</tr>
</tbody>
</table>

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 is structured around four mutually reinforcing components that support: (1) creation of a unified identity management system through the modernization of civil registration and identification systems; (2) establishment of core digital government platforms and services for public service delivery, (3) development of selective aspects of the digital economy, and (4) project management. The establishment of an efficient and citizen-centric identity-management system (component 1) and the effective delivery of digital government services (component 2) are mutually dependent. The rolling-out of ID cards compatible with digital authentication depends on robust electronic government systems. Conversely, effective digital government services are not only substantially
enhanced by identity management systems, but also depend on them for the digital transformation of transactions between the government and citizens and businesses. The digital economy component (3) provides an ecosystem that favors cost-efficient procurement of digital goods and services, while promoting local SMEs and startups. Effective project management (component 4) ensures the necessary coordination and change-management processes are carried out in a timely and effective manner.

The project is expected to have 04 components:

* Component 1 - Creation of a Consolidated Identity Management System: This component seeks to strengthen the governance by addressing the shortfalls and inefficiencies of the current identity management system. The objectives are to: (i) facilitate and secure access to civil registration services and legal identity for all citizens; and (ii) provide the institutional and technological underpinnings to support streamlined access to public services and benefits, as well as digital government efforts. The main beneficiaries of this component will be citizens. Furthermore, the institutions in charge of civil registration and identity management across the country, including the Ministry of Interior, Local Government and Local Tribunals will benefit by institutional and administrative strengthening at all levels to guarantee equitable levels of service for users and a communication and information strategy will be implemented to ensure uptake of the new procedures.

* Component 2 - Digital and Mobile Government Services: This second component seeks to address and improve digital governance issues that lead to poor outcomes in governance and service delivery. The objectives are to: (i) mainstream a demand-driven and user-centric approach to service delivery, thereby improving efficiency and citizen satisfaction; and (ii) increase the coverage and quality of public services offered through multiple channels (web, phone and in-person).

* Component 3 - Promoting the Domestic Digital Economy: The third component seeks to strengthen the connectivity, human capital and business environment required to promote Madagascar’s digital economy. The objectives of this component are to: (i) increase local governments’ connectivity, ii) lower the barriers for formalization of tech startups and SMEs, and (iii) incentivize participation of startups and SMEs in public contracts of digital goods and services.

* Component 4 - Project management and implementation: The main objectives of this component are to reinforce project implementation capacity, support operating costs related to project management and provide equipment for project management. Effective project management ensures the necessary coordination and change-management processes are carried out in a timely and effective manner.

D. Environmental and Social Overview

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social] The geographical scale of the project is at national level. The project concerns the 1695 communes of all regions of Madagascar which will benefit from the roll-out of the civil registration tools and digital systems. With the Unique Identifier Number, this project targets all Malagasy people, including the newborns and the current population (paper
registered), as well as all companies. In addition, everyone born in the Malagasy territory, even the non-citizen, will also have access to civil registry according to Target 16.9 of the SDGs: Universal legal identity and birth registration, ensuring the right to a name and nationality, civil rights, recognition before the law, and access to justice and social services. However the project will consider that more than 70% of the population of Madagascar is living rural municipalities with non negligible part in remote area and could be excluded by the project. In order to ensure data protection of beneficiaries, this project pays particular attention to the legal framework on personal data protection and usage, and the associated enforcement modalities. The project will implement government digital services platforms and applications to support service delivery in selected sectors across the country while setting up the digital governance framework and infrastructure, and fostering digital entrepreneurship. The project will mobilize consultants, firm and civil servants across ministries across all its components: Component 1. Creation of a Consolidated Identity Management System, Component 2. Digital and Mobile Government Services, Component 3. Promoting the Domestic Digital Economy, and Component 4. Project Management and Implementation. They will be in charge of designing and maintaining new government systems provided by this project. On the social side, the country has an imbalance between urban and rural areas, wealthy people and other groups, in the area of internet accessibility. The project will focus on citizen digital use and thus will implement simple and usable solutions adapted to users and general environment capabilities in order to avoid the digital divide.

D. 2. Borrower’s Institutional Capacity

This proposed project will be implemented nationally by the project Management Unit: PREA (Programme de Réforme pour l’efficacité de l’administration) based within the President’s Office. PREA will be responsible for coordinating project implementation by working closely with ministries and other project stakeholders. Key partners include the Presidency, the Ministry of Interior, and the Ministry of Justice as well as all municipalities that will implement the reform at the local levels and deliver actual services. PREA is familiar with implementing World Bank projects. The PREA has implemented two previous Governance and Institutional Governance Project (I and II) and the ongoing Public Sector Performance Project (P150116) while also serving as the anchor unit of all donor-funded public sector reform projects. PREA has currently an operational Grievance Mechanism (GM) which is in line with World Bank standards. PREA has in-house capacity for managing environmental and social impacts and risks, this consists of one operational environmental and social specialist, however, with limited capacity on ESF implementation. Moreover, the capacity of the GoM to manage electronics waste is low. The relevant staff and consultants will be trained on ESF and required E&S impact and risk management prior to implementation and on ongoing basis. A gender and communication expert will be hired within the PIU.

II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Environmental Risk Rating

The environmental risk rating (ERR) is considered to be Low. The potential adverse risks and impacts of the project activities on human populations and/or the environment are likely to be minimal or negligible. The installation of electrical and electronics equipment in existing offices to replace existing computer and electrical equipment is anticipated to generate risks and impacts related to the management of wastes of electrical and electronic equipment (WEEE). However, the pre-mitigation risks are expected to be minor and any resultant risks and impacts are anticipated to be fully addressed and reversible through the implementation of established mitigation measures.
Direct and indirect workers are expected to be hired under various Project components, however, anticipated risks and impacts related to staff health and safety are expected to be negligible.

**Social Risk Rating**

The social risk rating (SRR) for this project is considered to be moderate. It is expected that the project activities will have strong positive social impacts by guaranteeing the access of a large number of people to digital governance. The potential social impacts and risks are not likely to be significant, as no adverse social risks or impacts related to land access, community health & safety or cultural heritage have been identified for the project. However, GBV risk is rated as moderate, and the introduction of digital governance could potentially lead to a greater risk in the security and confidentiality of personal data collected, misunderstanding by the public facing the proliferation of these new management tools, and a digital divide between the different government units, regions, rural and urban areas, and between populations with access to the Internet and those without, especially the vulnerable groups and people in remote areas. During project implementation there is a need to ensure that the maximum of, if not all, vulnerable groups (such as persons with disabilities, gender/sexual minorities, ethnic minorities, people living in remote or isolated areas, etc.) will be involved and will benefit from the project in order to ensure the principle of inclusion and non-discrimination. The project is expected to involve consultants, firms and civil servants across ministries and local governments, and may deal with potential labor conditions, sexual harassment, intimidation and risks among employees. The Environmental and social safeguard officer of the PIU is recruited and ongoing capacity building training for project staff and consultants will be implemented all along the project life cycle.

**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:*

Project evaluation included meetings with the PREA, review of the draft Project Apraisal Document, national labor laws, and other regulations of the Republic of Madagascar.

The project does not involve any activities that could generate significant and irreversible environmental and social impacts. The potential adverse risks and impacts on human populations and/or the environment are not likely to be significant. No adverse social risks or impacts related to land access, or cultural heritage have been identified for the project. Environmental and social risk and impacts that have been identified during the preparation of the project mission are: ESS1 weak capacity of the client to assess and manage environmental and social risks and impacts, labor influx and increased employment expectations; ESS2: Potential risks related to labor conditions (working hours, wages, etc.) and sexual harassment and intimidation risks amongst employees generated by workers recruitment and mobilization (approx. more than 100 workers); ESS3: the project activities are likely to result in the generation of e-waste (equipment for disposal) and the GoM reports that the current e-waste stream is small, it all ends up at the city dump; ESS4: potential risks of Gender Based Violence (GBV); ESS10 possible risks of excluding marginalized groups in project implementation, during consultations, and undertaking of consultations that result in manipulated or one sided outcomes. The introduction of digital governance could potentially lead to a greater risk in the security and confidentiality of personal data collected, possible case of elite capture, greater misunderstanding by the public facing the proliferation of these new management tools, and larger digital divide among various segments of society. ESS5, ESS6, ESS7, ESS8 and ESS9 have been assessed as currently not relevant.
Management/Mitigation:

Given existing cultural and religious norms that could contribute to the risk of exclusion, the project will place strong emphasis on the inclusion of vulnerable and disadvantaged groups and ensure they are fully involved in and benefit from the project. The government need to consider the operationalization of the existing legal framework governing digitization: mainly law 2014-006 on the dematerialization of administrative procedures, law 2014-038 on personal data protection, and law 2014-006 related to the fight against cyber-criminality, and also the legal framework governing the right of workers (the law 2003-044 of July 28, 2004 which established the Labor Code). This code preserves the worker’s essential interests (trade union rights, employment contract, health and safety, intimidation, sexual harassment). Various laws and regulations (decrees, orders, decisions) supplement the Labor Code, mainly the Law n° 66-003 of July 2nd, 1966 on the General Theory of Obligations (in particular, the contracts of employment of consultants not subject to Labor Code are governed mainly by this Law on TGO and the provisions relating to the obligations of the French Civil Code of 1960 applicable to Madagascar). In addition, Madagascar has ratified a number (43) of international conventions which a major part are indicated to be in force, https://www.ilo.org/gateway/faces/home/standards?_adf.ctrl-state=uunz8r62h_9&locale=EN&countryCode=MDG . The national labor laws of the Republic of Madagascar are comprehensive and consistent with ESS2 requirements to be considered to be applied for the activities of this project.

In line with ESF requirements, the Borrower has developed: (i) an Environmental and Social commitment plan (ESCP) which could be adjusted during the project life keeping with the evolution of environmental and social risks and impacts; (ii) a draft stakeholder engagement plan (SEP); (iii) a draft Labor Management Procedure (LMP); (iv) an Electrical and Electronic Waste Management Plan (EEWMP) in consultation with all stakeholders and an appropriate method for collecting, treating and disposing of e-waste acceptable by the association has been prepared during the project preparation (v) an accessible and operational grievance mechanism (GM). In addition, during the first year of the project a communication plan on the usefulness of digital governance will be developed, and special consideration to bridge the digital divide between rural and urban areas will be applied by the project. The project has already included into its component 1.2 activity addressing security and confidentiality of personal data.

ESS10 Stakeholder Engagement and Information Disclosure

The standard is relevant. The introduction of digital governance could lead to a greater risk in the security and confidentiality of personal data collected, to a greater misunderstanding by the public facing the proliferation of these new management tools, and to a larger digital divide between the different government units, rural and urban areas, and between citizens with access to the Internet and the others, especially the vulnerable groups. There is also possible risks of excluding marginalized groups in project implementation, during consultations, and undertaking of consultations that result in manipulated or one sided outcomes.

Management/Mitigation:

Stakeholder engagement is a critical tool for the project sustainability and success. The client will seek stakeholder feedback and opportunities for proposed future engagement, ensuring that all consultations are inclusive and accessible (both in format and location, with involvement of a wide range of vulnerable groups) and through channels that are suitable in the local context.
The Government has developed a draft Stakeholder Engagement Plan (SEP) that outlines a) who the key stakeholders are; b) how they are to be engaged; c) how often the engagement will occur throughout the project; d) how feedback will be solicited, recorded and monitored over the project; e) who will be charged/responsible with this engagement; f) timeline for this engagement. Initial consultations were conducted with direct and indirect stakeholders for the project such as Central, regional and communal authorities, stakeholders in education sector, stakeholders in health sector, private sector, academia, local communities (traditional authorities, local CSO, women association, farmers, citizens). The borrower engaged and will continue engaging in meaningful consultations with all stakeholders throughout the project life cycle paying particular attention to the inclusion of vulnerable and disadvantaged groups (such as persons with disabilities, gender/sexual minorities, ethnic minority and People living in remote areas, etc..), during the implementation of digital governance. The project has already included into its component 1.2 activity addressing security and confidentiality of personal data.

Grievance Mechanism (GM). The project will build upon an existing GM which has been prepared for the current governance project (P150116 – Public sector performance) hosted by PREA and implemented in line with the safeguards policy. However, the GM will need to be reviewed against the requirements of the ESF and updated, if required. The GM has been included in the draft SEP and will be finalized prior to project effectiveness. Complaints received and resolved will be reviewed during the implementation support missions and as part of the bi-annual progress reports submitted to the Bank by the Borrower.

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 currently assessed as relevant as the project will require the mobilization of around 100 direct workers (PIU worker, and technical assistant), contracted worker (number not yet well defined), and civil servants and other contractors which will raise the importance of the respect of the right of the workers, and also the need to ensure respectful work place. Indeed the mobilization of worker may lead also for sexual harassment and intimidation risks amongst employees mainly related to the mobilization of consultants, civil servants, service providers and other contractors hired by the project. The PREA do not have currently HR procedures for the recruitment and management of project workers.

Management/Mitigation:

The project will put measures to ensure non-discrimination and promote gender sensitivity in the recruitment process of consultants or specialized workers. In addition, efforts will be made to target young professionals to promote youth employment and skills advancement. Therefore the requirements of paragraphs 9 to 30 (working conditions and management of worker relationships, protecting the work force, grievance mechanism, occupational health and safety -OHS) of ESS2 will apply to direct workers; the requirements of paragraphs 9 to 33 of ESS2 will apply to contracted workers; requirements of paragraphs 17 to 20 (Protecting the Work Force) and paragraphs 24 to 30 (Occupational Health and Safety) will apply to civil servants involved in the project.
The Borrower has developed and will implement (i) Labor Management Procedures (LMP) and (ii) worker’s Grievance Mechanism (GM) which will capture all workers complaints and (iii) will launch sensitization program related to the availability of worker’s Grievance Mechanism (GM) and to the respect of code of conduct to prevent and address any harassment, intimidation and/or exploitation within the project.
All staff hired by the project will be required to sign and adhere to the standardized code of conduct.

ESS3 Resource Efficiency and Pollution Prevention and Management

ESS3 is relevant to the Project. The project is not expected to cause air, water, soil or other pollution. However, e-waste, if handled incorrectly, could result in soil and water pollution. Indeed, the project does not have any activities that will lead to pollution as there is no use or production of chemical substances, nor development generation of hazardous and non-hazardous wastes in solid, liquid, or gaseous states.

Management/Mitigation:
Computers, servers and other equipment that may be replaced will have to be disposed of in a manner that follows specific guidelines as articulated in the Electrical and Electronic Waste Management Plan acceptable by the Association. The EEWMP includes a separation and collection procedure for different types of e-waste, a recycling process for the reuse of spare parts, the establishment of storage centers for collection for a group of regional and local offices and their disposal in close cooperation with the Ministry of Environment at the national level. The plan includes a comprehensive and clear monitoring and reporting system.

ESS4 Community Health and Safety

ESS4 is currently assessed as relevant to the Project, mainly due to the GBV risks potentially resulting from the involvement of consultants and civil servants in the project. However, the project does not have any activities, nor significant civil works which will affect community health and safety.

The Gender-based violence (GBV) risk for the project was assessed as moderate due to (i) potential risks of Gender Based Violence (GBV) mainly sexual harassment (SH)/ Sexual Exploitation and Abuse (SEA) and linked to the mobilization of more than 100 workers within the project and (iii) lack of government capacity to monitor and to manage GBV in all targeted municipalities.

Management/Mitigation:
The project will pay attention to prevent and address possible GBV because of potential labor conditions and sexual harassment and intimidation risks amongst employees mainly related to the mobilization of consultants, civil servants and other contractors by the project. Measures to address these challenges include: (a) development of GBV action plan (b) a requirement that the borrower includes clauses on workers’ conditions and management, child protection, and GBV prevention, and code of conduct in all contracts; (c) provision of technical assistance and training to the borrower and awareness raising on GBV among all contractors, workers including civil servants involved in the project; and (d) the setup of an accessible and accountable GBV Grievance Mechanism (GM) to ensure that any GBV incident related to workers, to communities will be addressed in an effective manner with sufficient social sensibility. The Project implementation manual will be updated to cover GBV issues.
ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement
ESS5 is considered not relevant to the Project as it currently does not have any component that requires the construction of physical assets or is related to land acquisition.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources
ESS6 is currently considered not relevant to the Project. The project does not have any activities which could impact forests and natural resources.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities
Based on information currently available, ESS7 is considered not relevant to the Project.

ESS8 Cultural Heritage
ESS8 is considered not relevant to the Project as it currently does not have any component that will have impact on Cultural Heritage such as physical or intangible cultural resources. The Project also has no civil works or activities that could lead to chance finds of physical cultural resources.

ESS9 Financial Intermediaries
Based on information currently available, ESS9 is considered not relevant for the Project as it will not involve any financial intermediaries.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways
Madagascar is an Island

OP 7.60 Projects in Disputed Areas
Madagascar is not a country in conflict.

III. BORROWER’S ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN (ESCP)

<table>
<thead>
<tr>
<th>DELIVERABLES against MEASURES AND ACTIONS IDENTIFIED</th>
<th>TIMELINE</th>
</tr>
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<tbody>
<tr>
<td>Electrical and Electronic Waste Management Plan acceptable by the Association has been prepared during project preparation.</td>
<td>02/2020</td>
</tr>
<tr>
<td>Communication plan on the usefulness of digital governance</td>
<td>04/2021</td>
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### ESS 10 Stakeholder Engagement and Information Disclosure

<table>
<thead>
<tr>
<th>Draft Stakeholder engagement plan</th>
<th>02/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stakeholder engagement plan (Final)</td>
<td>08/2020</td>
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</table>

### ESS 2 Labor and Working Conditions

<table>
<thead>
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<th>Grievance Redress Mechanism for workers</th>
<th>02/2020</th>
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<tbody>
<tr>
<td>Draft of Labour Management Procedure</td>
<td>02/2020</td>
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<tr>
<td>Labour Management Procedure (Final)</td>
<td>08/2020</td>
</tr>
</tbody>
</table>

### ESS 3 Resource Efficiency and Pollution Prevention and Management

| Electrical and Electronic Waste Management Plan acceptable by the association has been prepared during project preparation. | 02/2020 |

### ESS 4 Community Health and Safety

| Development of Gender-based violence (GBV) action plan | 08/2020 |

### ESS 5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

Not relevant

### ESS 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

Not relevant

### ESS 7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

Not relevant

### ESS 8 Cultural Heritage

Not relevant

### ESS 9 Financial Intermediaries

Not relevant

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**B.3. Reliance on Borrower’s policy, legal and institutional framework, relevant to the Project risks and impacts**

**Is this project being prepared for use of Borrower Framework?** No
Areas where “Use of Borrower Framework” is being considered:
The national labor laws of the Republic of Madagascar are relatively robust and will provide a strong foundation for ESS2. However, given the client’s weak institutional capacity to manage E & S impacts and risks, and potential gaps in the legal and policy framework in relation to the ESF requirements, the Borrower’s E&S Framework will not be used for this project.

IV. CONTACT POINTS

World Bank
Contact: Justine White Title: Senior Private Sector Specialist
Telephone No: 5339+6012 / Email: jwhite@worldbank.org
Contact: Heriniaina Mikaela Andrianasy Title: Public Sector Specialist
Telephone No: +1-202-473-4 Email: handrianasy@worldbank.org
Contact: Tiago Carneiro Peixoto Title: Senior Governance Specialist
Telephone No: 5333+2366 / Email: tpeixoto@worldbank.org

Borrower/Client/Recipient
Borrower: Ministry of Finances and Budget
Implementing Agency(ies)
Implementing Agency: Programme de Réforme pour l'Efficacité de l'Administration

V. FOR MORE INFORMATION CONTACT
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: http://www.worldbank.org/projects

VI. APPROVAL
Task Team Leader(s): Justine White, Heriniaina Mikaela Andrianasy, Tiago Carneiro Peixoto
Practice Manager (ENR/Social) Senait Nigiru Assefa Cleared on 11-Mar-2020 at 14:35:46 EDT