**The United Mexican States / Secretariat of Finance and Public Credit**

**Modernization of Public Financial Management Systems in Mexico Project (P169959)**

**ENVIRONMENTAL and SOCIAL**

**COMMITMENT PLAN (ESCP)**

**December 16, 2019**

**ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN**

1. The United Mexican States will implement the Modernization of Public Financial Management Systems in Mexico Project (the **Project**), through the Under-Secretariat of Expenditures (SSE) within the Secretariat of Finance and Public Credit (SHCP). The International Bank for Reconstruction and Development (hereinafter the Bank) has agreed to provide financing for the Project.
2. The United Mexican States will implement material measures and actions so that the Project is implemented in accordance with the Environmental and Social Standards (**ESSs**). This Environmental and Social Commitment Plan (**ESCP**) sets out material measures and actions, any specific documents or plans, as well as the timing for each of these.
3. The United Mexican Stateswill also comply with the provisions of any other environmental and social (E&S) documents required under the ESSs and referred to in this ESCP, including Labor Management Procedures (LMP) and other E&S provisions set out in the Operational Manual (OM), and the timelines specified in those E&S documents.
4. The United Mexican States is responsible for compliance with all requirements of the ESCP even when implementation of specific measures and actions is conducted by the SSE.
5. Implementation of the material measures and actions set out in this ESCP will be monitored and reported to the Bank by the United Mexican States as required by the ESCP and the conditions of the legal agreement, and the Bank will monitor and assess progress and completion of the material measures and actions throughout implementation of the Project.
6. As agreed by the Bank and the United Mexican States, this ESCP may be revised from time to time during Project implementation, to reflect adaptive management of Project changes and unforeseen circumstances or in response to assessment of Project performance conducted under the ESCP itself. In such circumstances, the United Mexican States, through the SSE, will agree to the changes with the Bank and will update the ESCP to reflect such changes. Agreement on changes to the ESCP will be documented through the exchange of letters signed between the Bank and the SSE. The SSE will promptly disclose the updated ESCP.
7. Where there are Project changes, unforeseen circumstances, or where Project performance results in changes to the risks and impacts during Project implementation, the United Mexican States shall provide additional funds, if needed, to implement actions and measures to address such risks and impacts, which may include environmental, health, and safety impacts and gender-based violence.

| **MATERIAL MEASURES AND ACTIONS** | | **TIMEFRAME** | **RESPONSIBILE ENTITY/AUTHORITY** |
| --- | --- | --- | --- |
| **MONITORING AND REPORTING** | | | |
| A | **REGULAR REPORTING**  Prepare and submit to the Bank, as part of the six-monthly progress reports on the Project implementation, regular monitoring reports on the environmental, social, health and safety (ESHS) performance of the Project, including but not limited to, implementation of the ESCP, occurrence of incidents and accidents, stakeholder engagement activities, and functioning of the grievance mechanism. | Six-monthly reporting throughout Project implementation. | The Project Administration Unit (PAU) within the SHCP (PAU/SSE) |
| B | **INCIDENTS AND ACCIDENTS**  Promptly notify the Bank of any incident or accident related to the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers. Provide sufficient detail regarding the incident or accident, indicating immediate measures taken or that are planned to be taken to address it, and any information provided by any contractor and supervising entity, as appropriate. Subsequently, as per the Bank’s request, prepare a report on the incident or accident and propose any measures to prevent its recurrence.  A Borrower’s Guide to Response to Environmental, Social and Occupational Health and Safety Incidents for World Bank Financed Projects that further details how to address any incidents or accidents will be included as an annex to the OM. | Within 48 hours after learning of any fatality or other incident or accident. Timing of the subsequent report will be provided within a timeframe acceptable to the Bank, as requested. | PAU/SSE |
| **ESS 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS** | | | |
| 1.1 | **ORGANIZATIONAL STRUCTURE**  SHCP will establish and maintain a PAU with qualified staff and resources to support management of E&S risks of the Project. | Starting latest at one month after Project effectiveness and throughout Project implementation. | SSE |
| 1.2 | **MANAGEMENT TOOLS AND INSTRUMENTS**  The E&S risk management processes and procedures to be followed during Project implementation will be included in the Project’s Operational Manual (OM), consistent with relevant requirements of ESS1, ESS2 and ESS3, and in a manner acceptable to the World Bank. | The OM, acceptable to the Bank, is expected to be finalized by Project effectiveness. Once approved, the OM will be implemented throughout Project implementation. | PAU/SSE |
| **ESS 2: LABOR AND WORKING CONDITIONS** | | | |
| 2.1 | **LABOR MANAGEMENT PROCEDURES**  Finalize, adopt, and thereafter implement the Labor Management Procedures (LMP), the draft of which has been prepared for the Project, in a manner acceptable to the World Bank. The LMP will be included as an annex to the OM. | A draft LMP was prepared prior to Appraisal and deemed to be final and satisfactory to the World Bank prior to negotiations. The LMP will be implemented throughout Project implementation and subject to review in case necessary. | PAU/SSE |
| 2.2 | PAU/SSE will ensure that bidding documents and Project-financed contracts with consultancy firms include a clause to ensure that working conditions are in line with the ESS2 requirements. | Throughout Project implementation. | PAU/SSE |
| 2.3 | **GRIEVANCE MECHANISM FOR PROJECT WORKERS**  Establish, maintain, and operate a grievance mechanism for Project workers, or require the operation of a grievance mechanism (in the case of consultancy firms), as applicable, and as further described in the LMP. | Throughout Project implementation. | PAU/SSE |
| **ESS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT** | | | |
| 3.1 | **E-WASTE MANAGEMENT PLAN**  Develop and implement an E-Waste Management Plan, including by incorporating relevant provisions of the plan in procurement processes. The E-Waste Management Plan will be included as an annex to the OM and disclosed as a stand-alone document at the SSE website and the World Bank external website. | E-Waste Management Plan will be prepared and disclosed prior to implementing any disposal of old IT equipment and thereafter implemented throughout Project implementation. | PAU/SSE |
| 3.2 | **RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT**  Resource efficiency and pollution prevention and management requirements will be included in the OM to secure procurement of energy efficient IT equipment. | The OM will be finalized by Project effectiveness. The ESS 3 requirements will be reflected in the procurement documents of the IT equipment throughout Project implementation. | PAU/SSE |
| **ESS 4: COMMUNITY HEALTH AND SAFETY** | | | |
| Not relevant for the Project. | | | |
| **ESS 5: LAND ACQUISITION, RESTRICTIONS ON LAND USE AND INVOLUNTARY RESETTLEMENT** | | | |
| Not relevant for the Project. | | | |
| **ESS 6: BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES** | | | |
| Not relevant for the Project. | | | |
| **ESS 7: INDIGENOUS PEOPLES/SUB-SAHARAN AFRICAN HISTORICALLY UNDERSERVED TRADITIONAL LOCAL COMMUNITIES** | | | |
| Not relevant for the Project. | | | |
| **ESS 8: CULTURAL HERITAGE** | | | |
| Not relevant for the Project. | | | |
| **ESS 9: FINANCIAL INTERMEDIARIES** | | | |
| Not relevant for the Project. | | | |
| **ESS 10: STAKEHOLDER ENGAGEMENT AND INFORMATION DISCLOSURE** | | | |
| 10.1 | **STAKEHOLDER ENGAGEMENT PLAN PREPARATION AND IMPLEMENTATION**  Disclose information on Project actions and progress to interested parties within SHCP and establish a mechanism to ensure effective communication with them.  Project activities on improving fiscal transparency will engage relevant civil society stakeholders, including NGOs, think thanks, and opinion makers starting in year 3.  Workshops and dissemination material will be developed to inform stakeholders on the results of the Project. | Communication mechanism implemented throughout Project implementation.  Consultations on transparency start in year 3 of implementation.  Last year of Project implementation. | PAU/SSE |
| 10.2 | PROJECT GRIEVANCE MECHANISM  SHCP has a grievance mechanism and transparency channels that will be used throughout Project implementation to address any complaints related to the Project. This mechanism is described in the OM and the SHCP website. | The grievance mechanism will be operated throughout Project implementation. Regular reports under action A above will provide information on its functioning. | PAU/SSE |
| **CAPACITY SUPPORT (TRAINING)** | | | |
| CS1 | Sufficient training on how to comply with the ESSs will be provided to the PAU staff before the start of Project execution, specifically on: stakeholder mapping and engagement, grievances mechanisms and labour management procedures.  In addition, Project workers will be provided with training and documentation on labour management procedures including grievance mechanisms required by ESS2. | Training to PAU staff will be provided once the PAU has been established, and thereafter throughout Project implementation, as needed.  Trainings to Project workers will be provided once contracts are signed and before execution of the service. | PAU/SSE |