

TC Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Promoting Identity Management in LAC for Effective COVID-19 Actions
▪ TC Number:	RG-T3654
▪ Team Leader/Members:	Muente Kunigami, Arturo (IFD/ICS) Team Leader; Almeida Oleas, Natalia (LEG/SGO); De Simone, Francesco (IFD/ICS); Molina Bolanos, Evelyn Maria (IFD/ICS); Pareja Glass, Alejandro (IFD/ICS); Rivera, Katia (IFD/ICS); Shin, Sungyeol (IFD/ICS); Vasquez Rossi, Maria Ines (IFD/ICS); Wade, Henry Gilbert Jr. Sungyeol (IFD/ICS) Sungyeol (IFD/ICS)
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	N/A
▪ Date of TC Abstract authorization:	09 Mar 2021.
▪ Beneficiary:	Belize (Ministry of Youth,Sports and E-Governance) and Paraguay (Civil Status Registry)
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	Public Capacity Building Korea Fund for Economic Development(KPC)
▪ IDB Funding Requested:	US\$400,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	30 months
▪ Required start date:	November 2021
▪ Types of consultants:	Individual; Firms
▪ Prepared by Unit:	IFD/ICS-Innovation in Citizen Services Division
▪ Unit of Disbursement Responsibility:	IFD/ICS-Innovation in Citizen Services Division
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Institutional capacity and rule of law

II. Objectives and Justification of the TC

- 2.1 The main objective of this technical cooperation is to support the identification ecosystem in the region to develop integrated strategies that allow for the implementation of digital identification systems, mainly as a countermeasure against the COVID-19 pandemic.
- 2.2 The “New Normal” caused by the pandemic of COVID-19 has generated an increase in demand for digital identification. This new normal requires more “contactless” and/or online-based services for both the public and private sectors. For example, some countries including the Korean Government have implemented “fast tracking” of COVID-19 confirmed cases. This method tracks down the places and persons the confirmed case contacted in less than 30 minutes and enables the swift prevention of potential disease spread. This fast tracking uses the civil registry information under the consent of the retainer to collect and combine tracking data such as credit card

and phone usage¹. Other governments such as the US and EU have introduced automated immigration services at airports.

- 2.3 Adding a digital identification layer extends these benefits to the digital economy. Ensuring a high level of assurance of the identity of a person on the other side of an electronic connection allows the full and effective migration of services to a digital environment since this would eliminate the need for an in-person interaction in most cases. Therefore, a trustworthy, robust, and universal digital identification system allows citizens not only to interact with their governments virtually (from paying taxes to registering property or renewing licenses) but also enables this for interactions with the private sector, enabling online exchanges of goods and services.
- 2.4 A comprehensive effort is required for governments to take advantage of the benefits offered by a digital identity scheme in the public sector. The design and improvement of identity systems is a complex challenge for countries, particularly those in a very early stage of development, as they often have to implement new laws, establish a new set of functions and capabilities within institutions as well as invest in technology and drive citizen's adoption. Nevertheless, developed countries in North America and Europe estimate the economic impact of developing an identity system to be upwards of 1% of GDP. According to McKinsey the value creation of digital ID will be equivalent to 3-13% of GDP by 2030². Latin American countries could successfully develop and implement a comprehensive roadmap for the evolution of their identity systems and eventually reach similar levels of impact. In countries such as the UK, for example, the digital aspects of identity are considered a key catalyst of the digital economy as it helps to expedite online commerce and minimize fraud for remote transactions.
- 2.5 The Bank has significant expertise on digital identification, through the technical cooperation ATN/OC-16521-RG and ATN/OC-16522-RG; the project "Understanding the Maturity and Economic Impact of Identity Systems" was financed to leverage the experience of countries with advanced identity systems such as Estonia, Korea and Spain. The study identified a set of variables to estimate the economic and social impact for over 20 use cases for which a robust identity system was an important catalyst. A maturity of identity systems model was developed to help countries understand their starting point and areas of opportunity in a comprehensive manner. The model comprised 6 dimensions³ and a total of 18 indicators. Additionally, through the TC ATN/FG-16356-RG the Bank supported the design of action plans for the implementation of digital identity systems in Jamaica and Peru. Furthermore, through the loan operation, 4437/OC-JA the Bank supported the National Identification System (NIDS) of Jamaica to reduce the transactional costs associated with identity verification for citizens to access and providers to deliver services both in the private and public sectors in Jamaica. One of the main lessons of these projects has been the importance of public perceptions of identity, specifically on sensitive issues such as data protection and privacy. To help address this issue the Bank has also approved the project ATN/OC-18734-RG "Promoting Comprehensive Data Policy Frameworks in Latin America and the Caribbean", which aims to create awareness about the importance of comprehensive data policies; and assess the maturity of data protection in the region.

¹ <https://www.wsj.com/articles/lessons-from-south-korea-on-how-to-manage-covid-11601044329>.

² <https://www.weforum.org/agenda/2021/01/davos-agenda-digital-identity-frameworks/>

³ The dimensions include Legal Framework to Institutional Structure, Technology, Use and Adoption, User Experience and Performance.

- 2.6 In particular, the governments of Belize and Paraguay have expressed their interest to participate in this TC and have sent their official request. In the case of Paraguay, the Civil Status Registry (REC in Spanish) is a department that depends on the Ministry of Justice and is responsible for the registration of births and deaths, celebration, and registration of marriages. The Identification Department is a technical body of the National Police and is responsible of the identification of natural persons. Currently, the REC is working on the project "Single Registry of Persons" to create a single database, using the information managed by the Registry and by the Identity Department. Furthermore, the country also has a draft of the National ICT/ Digital Agenda Strategy, which is framed within the objectives of the 2030 Paraguay National Development Plan. The axes of the Digital Agenda are: (i) e-government; (ii) inclusion, appropriation, and use; and (iii) innovation and competitiveness. In April 2017, Paraguay also approved its National Cybersecurity Plan and integrated its National Cybersecurity Commission which aims to adopt cybersecurity measures to guarantee and promote the safe and reliable use of ICT. In the case of Belize, the country is one of the few in the region that does not issue a unique identity document. The new administration has prioritized digital transformation in its short-term development agenda and has created a new ministry (Youth, Sports and E-Governance) to lead this effort. There is a comprehensive e-government plan that details the road map for the design and implementation to achieve the country's e-government vision of "an integrated, collaborative government delivering secure, quality public services that connect and empower people"⁴. The Government is also developing a national cybersecurity strategy through a multi-stakeholder process, namely, the National Cyber Security Task Force (CSTF)⁵. To provide e-services to citizens, the Government of Belize must first strengthen its ability to identify citizens through a secure authentication system to link online presence to real world identities regardless of geographical location. This TC aims to support the identification ecosystem of Belize and Paraguay through targeted support and the region as a whole through research and knowledge sharing.
- 2.7 **Strategic alignment.** This TC is consistent with (i) the Second Update to the Institutional Strategy 2020-2023 (AB-3190-2), in particular with the cross-cutting issue of Institutional Capacity an Rule of Law; and (ii) the KPC operational guidelines, in particular with the target activity of building e-government services. It is also aligned to the Corporate Results Framework (CRF) 2020-2023 (GN-2727-12), through level 2, indicator 26 Agencies with strengthened digital technology and managerial capacity. Additionally, the TC is aligned with the IDB Group Country Strategy with: (i) Belize update 2020-2021 (GN-2746), supporting the effectiveness of service delivery; and (ii) Paraguay update Y 2019-2023 (GN-2958), effectively address the country's institutional and productive transformation, strengthen public management capabilities, and augment the mobilization of public and private resources for development. Finally, the TC is also aligned with the Country Program Document of Paraguay.

III. Description of activities/components and budget

- 3.1 **Component I: Technical support to the Identification ecosystem.** To support the identity management and improve the performance and quality of the beneficiary

⁴ <https://cito.gov.bz/wp-content/uploads/2020/11/BelizeNatlGovPolicy2015.pdf>

⁵ <https://publications.iadb.org/publications/english/document/2020-Cybersecurity-Report-Risks-Progress-and-the-Way-Forward-in-Latin-America-and-the-Caribbean.pdf>

countries this component will: (i) apply the maturity of identity systems model in Paraguay and Belize. This model serves as the basis for a self-assessment tool to help beneficiary countries develop an integral perspective of the situation of their own identity systems and provide a roadmap; (ii) provide technical support for the digital identification and civil registry systems in Paraguay and Belize, including the design of public investment strategies; and (iii) dissemination and communication of the component's results.

- 3.2 **Component II: Digital Identification pilot project.** To support the digital transformation agenda prioritized by the Government of Belize, this component will fund: (i) the implementation of a digital identification pilot project to allow enrollment and authentication of citizens. The pilot will initially connect a limited number of services or sectors and assess the robustness and trustworthiness of existing “functional” (sectoral) documents, for example, the use of the social security board number, which according to authorities is unique to each individual. Nevertheless, complementary identification credentials may be required to create a profile. Alternatively, the pilot could focus on individuals with a unique tax id (linked to their SSN but already vetted by the tax authority). The compatibility of this pilot project will be broadened to other services and sectors once the scheme has been evaluated and approved; and (ii) dissemination and communication of the component's results.
- 3.3 **Component III: Research and Knowledge sharing.** This component will support: (i) regional events (virtual and/or in person) to promote exchanges between data policy makers in the region; and (ii) the design of documentation of best practices in an integrated approach to highlight the role of digital identification in the response against COVID-19 in the region. The team will promote the visibility and local awareness of the KPC in the beneficiary member countries.
- 3.4 At the end of this TC, the Bank will strengthen its knowledge on identity management systems in LAC, therefore, improving its ability to provide better policy advice to countries in the region. The main expected products include two country assessments, diagnostics, a digital identification pilot and better information on digital identification.
- 3.5 The total project cost is USD\$400,000 which will be financed by the Public Capacity Building Korea Fund for Economic Development. There is not local counterpart funding.

Indicative Budget (In US\$)

Activity/Component	IDB/Fund Funding	Total Funding
Component I: Technical support to the Identification ecosystem.	160.000	160.000
Component II: Digital Identification pilot project.	150.000	150.000
Component III: Research and Knowledge sharing	90.000	90.000
Total	US\$400.000	US\$400.000

- 3.6 **Arrangements for TC supervision.** All activities will be coordinated with the IFD/ICS specialists in the Country Offices (COF)⁶ and through them with the Chief of Operations. No major supervisions costs to COF are expected. Furthermore, the IDG team will have a close coordination and communication with government counterparts. This TC includes a Results Matrix that will help monitor and evaluate the fulfillment of the committed products.

IV. Executing Agency and execution structure

- 4.1 **The executing agency for this TC will be the IDB, under responsibility of IFD/ICS.** For several years, the Bank has provided technical assistance around identification and civil registries to different countries in the region, supporting initiatives related to identification systems, reduction of under-registration of births, and digital identification and digital signature. This has positioned the Bank as a key player in disseminating best practices around the region in a relatively nascent field. Given the Bank expertise and upon request of the beneficiary countries, the TC will be executed by the Bank, through IFD/ICS⁷. The team will promote the visibility and local awareness of the KPC in the beneficiary member countries.
- 4.2 **Beneficiaries.** In the case of Belize, the main beneficiary will be the Ministry of Youth, Sports and E-Governance, whereas in Paraguay it will be the Civil Status Registry within the Ministry of Justice.
- 4.3 **Procurement.** The activities to be executed under this operation have been included in the Procurement Plan (Annex IV) and will be carried out in accordance with the Bank's procurement policies and procedures methods: (a) Hiring of individual consultants, as established in the regulations AM-650; (b) Hiring of consulting firms for services of an intellectual nature according to GN-2765-4 and its associated operating guidelines (OP-1155-4) and/or (c) Hiring of logistics services and other services other than consulting, according to the policy GN-2303-28. Given the regional nature of the activities to be financed hereunder, and in accordance with OP-619-4 Annex 2, Bank execution - including selection and contracting of consultancy services on behalf of the beneficiary - is justified and appropriate to ensure the sustainability of the project's implementation and to enhance coordination.

V. Major issues

- 5.1 The TC is expected to face the following possible risks. One main risk, linked to concerns from civil society that a strong national identity system may affect the privacy of individuals. Throughout the implementation of the TC, we will heed much attention to avoid this controversy and find the best medium between protection of privacy and promotion of benefit by the identification system. Additionally, national regulations could hinder the development of initiatives related to digital identification systems. The team will manage this risk by sensitizing beneficiary countries and agencies regarding the need to establish proper communication strategies and conducting the necessary

⁶ Specifically with Alejandro Pareja (apareja@iadb.org) in Paraguay and Maria Ines Vasquez (mvasquez@iadb.org) in Belize.

⁷ Specifically, through Arturo Munte (amunte@iadb.org).

preparatory work to ensure there is a clear understanding of people's and key stakeholder's perceptions on this matter, this strategy will also help to achieve sustainable results. Additionally, due to the current serious COVID-19 pandemic situation of LAC regions, the actual activities including field research and training may be limited or not possible. Therefore, the activities may turn to virtual measures such as videoconferencing and online-based research.

VI. Exceptions to Bank policy

- 6.1 There are no exceptions to Bank policy.

VII. Environmental and Social Strategy

- 7.1 Given the nature of the activities this TC does not represent any environmental or social risk. In accordance with the Environment and Safeguards Compliance Policy (OP-703), the TC has been classified as Category "C". See Environmental Safeguards Filters Safeguard Policy Filter ([SPF](#)) and Safeguard Screening Form ([SSF](#)).

Required Annexes:

[Request from the Client - RG-T3654](#)

[Results Matrix - RG-T3654](#)

[Terms of Reference - RG-T3654](#)

[Procurement Plan - RG-T3654](#)