



MX: Expanding Rural Finance (P153338)

LATIN AMERICA AND CARIBBEAN | Mexico | Finance, Competitiveness and Innovation Global Practice | IBRD/IDA | Investment Project Financing | FY 2016 | Seq No: 5 | ARCHIVED on 21-May-2018 | ISR32240 |

Implementing Agencies: Financiera Nacional de Desarrollo Agropecuario, Rural, Forestal y Pesquero, Financiera Nacional de Desarrollo Agropecuario, Rural, Forestal y Pesquero

Key Dates

Key Project Dates

Bank Approval Date:24-Nov-2015

Effectiveness Date:13-Jul-2016

Planned Mid Term Review Date:03-Sep-2018

Actual Mid-Term Review Date:--

Original Closing Date:31-Dec-2020

Revised Closing Date:31-Dec-2020

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The project's development objective is to expand the availability of finance to the rural economy.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components

Name

1. Expanding Credit for Rural MSMEs:(Cost \$375.00 M)

2. Strengthening Institutional Capacity for Sustainable Rural Finance:(Cost \$30.00 M)

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Satisfactory	● Satisfactory
Overall Implementation Progress (IP)	● Satisfactory	● Satisfactory
Overall Risk Rating	● Moderate	● Moderate

Implementation Status and Key Decisions



FND is making remarkable progress towards the achievement of the Project Development Objective of expanding the availability of finance to the rural economy. Data on project outcomes as of end-December 2017 show that these institutions have disbursed 90,000 credits to 76,400 rural MSMEs with an average loan size of US\$1,780. 81 percent of credit recipients are women, 12 percent are located in communities classified as marginalized or highly marginalized by the National Council for Population (CONAPO), and 10 percent are first-time borrowers from formal financial institutions. Non-performing Loans (NPLs) for the credits supported through the World Bank supported credit line is relatively low at 1.3 percent. 44% of the 90,000 credits were provided in the 3 states with the highest levels of poverty in Mexico (Veracruz 16%; Chiapas 15%; Oaxaca 13%). By sector: 81% are commercial, 12% agriculture, 4% industrial y 3% other sectors.

To strengthen institutional capacity for sustainable rural finance, FND is working on reengineering of credit processes as a first phase towards modernizing its core banking systems. This consultancy service is expected to be completed before the end of the year. As part of its counterpart finance, FND has also provided 327 technical assistance in the form of consulting services – known as *apoyos* -- to 215 rural financial institutions.

Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	● Moderate	● Moderate	● Moderate
Macroeconomic	● Moderate	● Moderate	● Moderate
Sector Strategies and Policies	● Moderate	● Moderate	● Moderate
Technical Design of Project or Program	● Moderate	● Moderate	● Moderate
Institutional Capacity for Implementation and Sustainability	● Moderate	● Moderate	● Moderate
Fiduciary	● Moderate	● Moderate	● Moderate
Environment and Social	● Low	● Low	● Low
Stakeholders	● Moderate	● Moderate	● Moderate
Other	--	--	--
Overall	● Moderate	● Moderate	● Moderate

Results

Project Development Objective Indicators

► Number of loans disbursed under project (cumulative) (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	80,159.00	89,476.00	74,800.00
Date	01-Sep-2015	30-Sep-2017	31-Dec-2017	31-Dec-2020



► Volume of total loans disbursed under project (cumulative), US\$ million (Amount(USD), Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	123.00	160.00	374.00
Date	01-Sep-2015	30-Sep-2016	31-Dec-2017	31-Dec-2020

► Average non-performing loans ratio for PFIs receiving project funds (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.86	0.52	6.00
Date	01-Sep-2015	30-Sep-2017	31-Dec-2017	31-Dec-2020

Overall Comments

Intermediate Results Indicators

► Volume of Bank Support: Lines of Credit - Microfinance (Amount(USD), Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	19.00	22.12	187.00
Date	01-Sep-2015	30-Sep-2017	31-Dec-2017	31-Dec-2020



► Volume of Bank Support: Lines of Credit - SME (Amount(USD), Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	104.00	137.73	187.00
Date	01-Sep-2015	30-Sep-2017	31-Dec-2017	31-Dec-2020

► Number of final beneficiaries with loans financed with project funds (cumulative) (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	75,714.00	76,394.00	41,555.00
Date	01-Sep-2015	30-Sep-2017	31-Dec-2017	31-Dec-2020

▲ Number of final microfinance beneficiaries financed with project funds (cumulative) (Number, Custom Supplement)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	64,997.00	64,758.00	24,945.00

▲ Female beneficiaries as a share of total beneficiaries financed by the project. (Percentage, Custom Supplement)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	84.00	81.41	60.00



▲ Share of loan recipients from marginal municipalities financed by the project. (Percentage, Custom Supplement)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	12.00	12.00	15.00

▶ Average NPL rate for FND lending to PFIs under the project-funded credit line (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.66	1.30	5.00
Date	01-Sep-2015	30-Jun-2017	31-Dec-2017	31-Dec-2020

▶ Percentage of FND branch offices using the new core banking system. (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	70.00
Date	01-Sep-2015	30-Sep-2017	31-Dec-2017	31-Dec-2020

▶ Number of PFIs that receive capacity building from FND (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	145.00	178.00	215.00	725.00
Date	01-Sep-2015	30-Jun-2017	31-Dec-2017	31-Dec-2020



▶ Submission of operational tracking data (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	Y	Y	Y
Date	01-Sep-2015	30-Jun-2017	31-Dec-2017	31-Dec-2020


▶ Number of PFIs registered to receive client feedback on Financial Consumer Protection Agency's (CONDUSEF) website (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	107.00	184.00	188.00	200.00
Date	01-Sep-2015	30-Jun-2017	31-Dec-2017	31-Dec-2020

Overall Comments

Data on Financial Performance

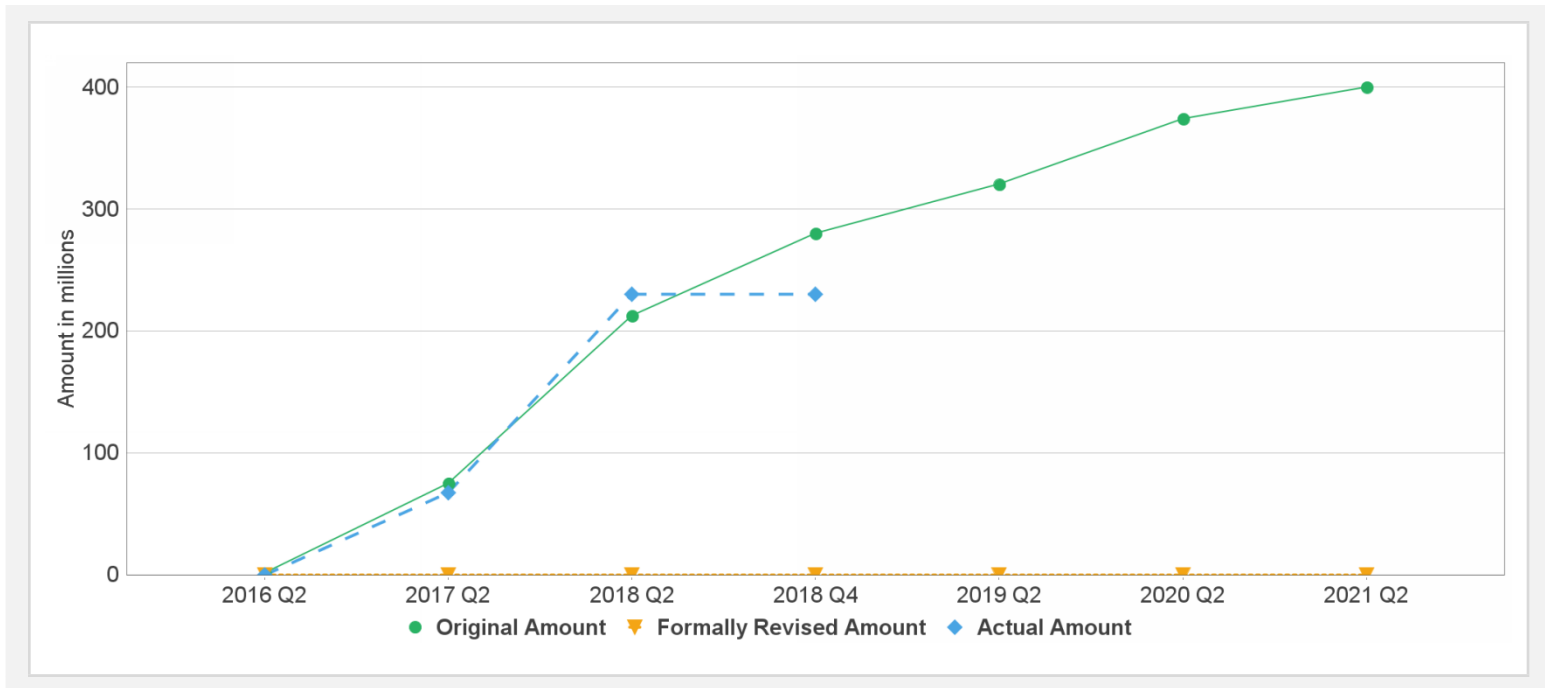
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P153338	IBRD-85550	Effective	USD	400.00	400.00	0.00	230.05	169.95	 58%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P153338	IBRD-85550	Effective	24-Nov-2015	29-Apr-2016	13-Jul-2016	31-Dec-2020	31-Dec-2020

Cumulative Disbursements



Restructuring History

Level 2 Approved on 02-Dec-2016

Related Project(s)

There are no related projects.