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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE CORPORATION AND

MULTILATERAL INVESTMENT GUARANTEE AGENCY

COUNTRY PARTNERSHIP FRAMEWORK

FOR

THE UNITED MEXICAN STATES

FOR THE PERIOD FY2020–FY2025

January 29, 2020

Mexico Country Management Unit
Latin America and the Caribbean Region

The International Finance Corporation
Latin America and the Caribbean Region

The Multilateral Investment Guarantee Agency

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CURRENCY EQUIVALENTS
(Exchange rate as of January 29, 2020)
US$1.00 = 18.75 MXN
US$0.05 = 1.00 MXN

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

ASA	Advisory Services and Analytics
CONEVAL	National Council for the Evaluation of Social Programs (*Consejo Nacional de Evaluación de la Política de Desarrollo Social*)
CPF	Country Partnership Framework
FY	Fiscal Year
GDI	Graduation Discussion Income
GDP	Gross Domestic Product
IBRD	International Bank for Reconstruction and Development
IFC	International Finance Corporation
IFI	International Financial Institution
LAC	Latin America and the Caribbean
MIGA	Multilateral Investment Guarantee Agency
NDP	National Development Plan
OECD	Organisation for Economic Co-operation and Development
PPP	Public-Private Partnership
RAS	Reimbursable Advisory Services
SBL	Single Borrower Limit
SCD	Systematic Country Diagnostic
SME	Small and Medium Enterprise
TFP	Total Factor Productivity
USMCA	United States-Mexico-Canada Agreement
WBG	World Bank Group

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FY2020–FY2025 COUNTRY PARTNERSHIP FRAMEWORK FOR THE UNITED MEXICAN STATES

I. SUMMARY AND INTRODUCTION

1. **This Country Partnership Framework (CPF) lays out the strategic direction for the program envisaged for the World Bank Group (WBG) with Mexico from FY2020 to FY2025.**[1] The CPF is intended to cover a six-year period, which is aligned with the government's term. The objectives of this CPF are at the intersection of the government's current and potential demand and envisaged priorities, the priorities identified in the Systematic Country Diagnostic (SCD), and the WBG's comparative advantage in the country. The Graduation Discussion Income (GDI) provides a strong filter for the selection of new activities in this CPF. The CPF aims to support three overarching and interlinked goals: (a) more rapid, more inclusive growth; (b) stronger institutions for public finance, service delivery, and economic inclusion; and (c) sustainable infrastructure and climate action.

2. **Mexico's economic growth has been low over the last decades, and the country's income per capita has been diverging from that of higher-income economies**. Growth averaged about 2 percent between 1980 and 2018, or close to 1 percent on a per capita basis. Mexico's gross national income per capita in 2018 was US$9,180. Yet the country's per capita income stands at 34 percent of U.S. per capita Gross Domestic Product (GDP), compared with 49 percent in 1980. Unlike in fast-growing emerging economies, on average, over the last 25 years, total factor productivity (TFP) growth has been negative in Mexico. Moreover, regional inequality is extremely high. Some states in the south of the country have per capita incomes only slightly above those of International Development Association (IDA) countries. And the number of poor people has increased in some of these states in recent years. After a decline in 2010–14, the annualized growth rate of median per capita income was 1.8 percent in 2016–18, still well below the average in the Latin America and the Caribbean (LAC) region.[2] Gaps in infrastructure have been widening over the last 30 years, with average public spending on infrastructure at close to 2 percent of GDP. Fragmentation in the public-private partnership (PPP) framework has not enabled significant private investment in the sector. The Mexican government has always been at the forefront of social policy. Yet, despite innovative approaches with documented positive impacts, coverage gaps that negatively affect vulnerable groups persist. Gaps in the quality of service delivery are also significant, while vulnerabilities to climate change and other shocks to the population are increasing. Unlike in fast growing upper middle-income countries, recent history demonstrates that addressing the multiple and interlinked challenges that Mexico faces to creating a sustainable path towards long-term shared economic prosperity will take time.

3. **Helping to address institutional shortcomings will be central to new activities under the CPF, and these shortcomings are at the core of the country's economic and social challenges.** Critically, the SCD and the assessment of the authorities place a strong emphasis on the persistent institutional gaps constraining better economic and social outcomes. As highlighted by the SCD, important institutional gaps must be tackled in the country to foster broad-based growth, inclusion, and poverty reduction, particularly in the areas of: (a) product and factor markets; (b) resource allocation and institutional policy coordination; (c) other structural constraints to more rapid growth, inclusion, and sustainability; and (d) rule of law issues. Dealing with institutional shortcomings requires a long-term strategy involving targeted and multiple measures and interventions across policies, sectors, agencies, programs, and even

[1] The Country Partnership Strategy being replaced covered FY2014–FY2019.

[2] The average growth of the median per capita income for 13 LAC countries was 2.6 percent.

projects. The CPF will help tackle those challenges and institutional gaps in support of the authorities' efforts through policy support, new projects, analytical work, and other activities.

4. **Mexico continues to access external capital markets on reasonable terms.** The government has established a strong track record of prudent macroeconomic policies. The Central Bank and the Ministry of Finance have delivered stable monetary and fiscal policies, respectively, and have garnered credibility in international markets. However, firms—particularly small and medium enterprises (SMEs), which generate 71 percent of employment and more than 50 percent of business income—and the population in general have limited access to finance. Credit to the private nonfinancial sector represents only 42 percent of GDP, well below the 72 percent average in the five largest LAC economies and far below the 143 percent average in emerging markets worldwide. To spur inclusive growth, it is critical that the access of the sovereign and large financial and industrial corporations to debt and capital markets can also flow to the rest of the economy.

5. **Mexico plays an important role regionally and globally on development issues and policy solutions.** During the FY2014–19 Country Partnership Strategy (CPS) period alone, Mexico engaged with more than 100 countries in over 70 cross-regional knowledge exchanges that were fostered by World Bank-financed projects. The World Bank in partnership with Mexico played a major role in convening the exchanges and promoting global learning in several areas, including disaster risk management, social protection, and climate change. Mexico is a critical economic and geopolitical player, accounting for 20 percent of the LAC region's GDP and taking on a highly relevant role in Central America, the Pacific Alliance countries, and key global forums.

6. **The CPF proposes an evolved approach to WBG engagement in Mexico.** The WBG's comparative advantage in upper middle-income countries like Mexico lies in its ability to combine financing with the provision of global knowledge embodied in complex and innovative policies and high-impact projects. The CPF envisages less support for some traditional financing activities within sectors. In sectors in which the World Bank has been engaged, the program will have less focus on the direct financing of more straightforward and simpler infrastructure projects. To produce greater impact on sectoral and country outcomes, activities will be centered on endeavors requiring more complex structures, even within infrastructure, institutional capacity building, significant policy and institutional reforms, and high value-added programs that bring global experience and that show greater potential for learning that can be transmitted as global goods from Mexico to other countries and regions, along with the ability to crowd in the private sector. Similarly, the International Finance Corporation (IFC) is shifting toward engagements that open new markets and innovative ways for the private sector to participate in the economy. The Multilateral Investment Guarantee Agency (MIGA) will focus on supporting cross-border foreign investment for projects that enhance market development, inclusiveness, sustainability, and encourage further inflows of foreign investment. Importantly, the World Bank financing will be significantly more focused on benefiting the south of the country, where a large share of the poorest population lives. To be effective and relevant in this middle-income country, the WBG will use the full suite of WBG services, including financing instruments, analytical work and convening power, but in the above-mentioned evolved way.

7. **The CPF is focused on three main aspects: supporting more rapid, more inclusive growth; strengthening institutions for public finance, service delivery, and economic inclusion; and enabling sustainable infrastructure and climate action.** The CPF focuses on selected engagements identified in the SCD as critical. The core focus is on institutional strengthening, attracting private sector financing and

participation, and placing more focus on the south of the country. The CPF has seven specific objectives, as follows: (a) to foster financial intermediation and inclusion; (b) to reduce regulatory and competition barriers to economic growth; (c) to enhance the management of public resources; (d) to strengthen the institutional capacity to deliver inclusive social services; (e) to strengthen the capacity of the social protection system for economic inclusion; (f) to provide more inclusive and sustainable infrastructure services; and (g) to support the government in reaching its goals on climate change.

II. COUNTRY CONTEXT AND DEVELOPMENT AGENDA

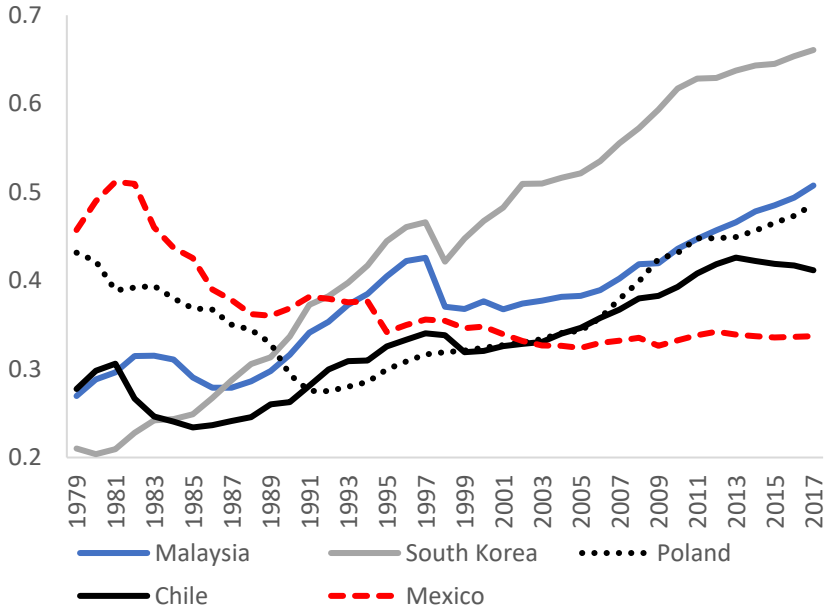
2.1. Political and Social Context

8. **There has been a relatively recent change in government**. Andrés Manuel López Obrador took office as president on December 1, 2018, following a landslide victory in the July 2018 elections. His coalition holds a simple majority in both houses of Congress and controls a large number of state legislatures, which gives the government support in critical regions of the country. The president ran on an anti-establishment platform, and his election represents a marked break from past administrations. Expectations are high among the population that a greater focus on social programs and strategic investments, accompanied by a crackdown on corruption through better institutions, will boost growth and lift the incomes of the poor. Despite the shift in government priorities, the principles of good macroeconomic management are being maintained, including a commitment to fiscal discipline and Central Bank independence in carrying out monetary policy.

2.2. Growth and the Dynamics of Poverty

9. **Mexico's economic growth averaged just above 2 percent between 1980 and 2018, limiting progress in convergence relative to high-income economies.** Per capita, average growth was only about 1.0 percent over that period. Per capita GDP stands at 34.0 percent of U.S. per capita GDP, compared with 49.0 percent in 1980 (Figure 1). The Republic of Korea had, by 2017, reached 66.0 percent of U.S. per capita income, even though, in 1980, it had less than half the per capita income of Mexico. Other countries, such as Chile, Malaysia, and Poland, which had lower per capita incomes than Mexico in 1980, had, by 2017, achieved higher income and significantly closed the gap with the United States.

Figure 1. Per capita income as a share of U.S. per capita income



Sources: Total Economy Database; World Bank calculations.

10. **The progress toward poverty reduction has been moderate.** The share of the population living below the monetary poverty line in 2018 was 48.8 percent, close to the rate in 2008 and only slightly lower than the rate in 1992. Extreme monetary poverty rates declined from 21.4 percent to 16.8 percent between 1992 and 2018 despite a sharp increase in 1996. Although growth has been relatively pro-poor in Mexico, the impact on poverty has been much greater in peer countries, such as Brazil, Chile, Peru, Poland, Thailand, and Turkey, that have cut poverty by half over the last 10 years (Figure 2). Nonmonetary measures of poverty have consistently improved in Mexico since they were first implemented in 2010. The share of the population with one or more social deprivations decreased from 74.2 percent in 2010 to 71.2 percent in 2018, while the share of the population experiencing three or more social deprivations had declined from 28.2 percent to 18.8 percent by 2018.[3]

11. **The median per capita income has recently recovered slightly after several years of decline**.[4] After a decline between 2010 and 2014, the annualized growth rate of median per capita income reached 1.8 percent in 2016–18, well below the regional average. Mexico's median per capita income in 2018 was US$3,295 in 2011 purchasing power parity terms (equivalent to US$1,990 in nominal U.S. dollars). Although the income growth was greater among the bottom 40 percent of the income distribution than among the total population, the performance was well below the regional average (Figure 3).

Figure 2. Contribution of growth and redistribution to poverty reduction in LAC and Mexico, US$5.50-a-day per capita line, 2004–18

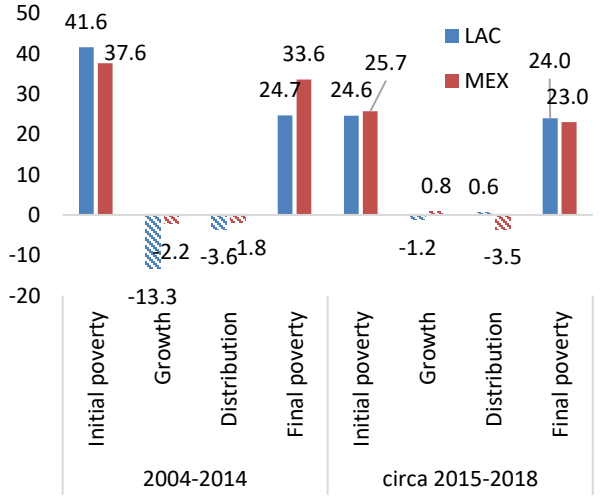
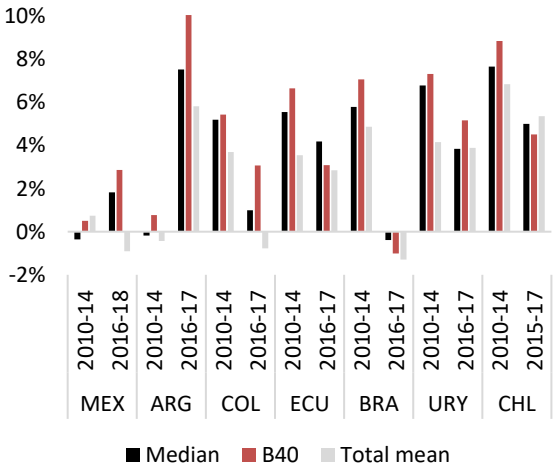


Figure 3. Annualized growth rate, income per capita, 2010–18



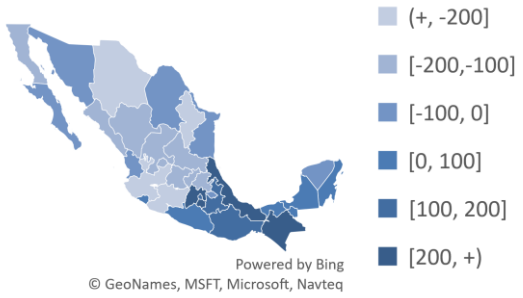
Source: World Bank calculations following a Datt-Ravallion decomposition and based on the SEDLAC database.
Note: Two separate periods are reported because data on Mexico beginning in 2016 are not comparable with earlier periods.

[3] In Mexico, poverty is measured using a multidimensional measure consisting of six dimensions of well-being (education, health, social security, housing, basic services, and food) and 19 separate indicators. Measures of social deprivation are interacted with national monetary measures of poverty to determine whether a person should be considered poor. Individuals are living in poverty if they experience one social deprivation or more and do not have sufficient income to buy the basic food and nonfood basket. Individuals are living in extreme poverty if they experience three social deprivations or more and do not have sufficient income to buy the basic food basket.

[4] The median is the 50th percentile of per capita household income, which implies that half the population is above the median, and half is below the median.

12. **There are significant disparities in poverty across states and population groups in Mexico**. For example, 69 percent of the extreme poor live in only 6 of the country's 32 states. The 6 are located in the south. Poverty is not only more widespread in the south; the rate has also been rising (Map 1). While the majority of the poor live in urban areas (68 percent), there is a higher incidence of poverty and extreme poverty in rural areas and among indigenous people. Rural areas suffer from a vicious circle of low productivity, low investments in physical and human capital, and high poverty rates, particularly in the south. Nearly 35 percent of the indigenous population is living in extreme poverty, compared with 5.6 percent of the non-indigenous population. Poverty rates are also higher among women, especially indigenous women. Indeed, the extreme poverty rate among indigenous rural women is 45.5 percent, compared with 4 percent among non-indigenous urban women.

Map 1. Change in the number of the poor, (thousands of people), 2010–18



Sources: CONEVAL based on MCS-ENIGH 2010, 2012, 2014 and MEC 2016, 2018 from MCS-ENIGH.

13. **Gender equality is critical to ensure inclusive growth.**[5] Despite recent progress, gender differences in endowments, economic opportunities, and agency are still a challenge in Mexico, particularly among rural, less well-educated indigenous women. High levels of teenage pregnancy, low educational attainment and learning, and high levels of maternal mortality are prevalent among rural women, especially in lagging areas. This has led to one of the lowest female participation rates in the labor force in the region (around 46 percent), high levels of informality, low-productivity entrepreneurship, and low access to productive inputs. There has been an economic loss of up to 22 percent of income per capita because of low female labor force participation.[6]

14. **Climate change has adverse effects on poverty and the environment**. Research suggests that climate change is already having an impoverishing effect in certain municipalities in Mexico. Forecasts indicate that the consequences of climate change are likely to increase, with more frequent and severe extreme weather events and more impacts on poverty and rising migration. Agriculture is highly vulnerable to climate change, which thereby directly affects food security and the livelihoods of rural and urban populations.

2.3. Development Challenges and Drivers of Poverty

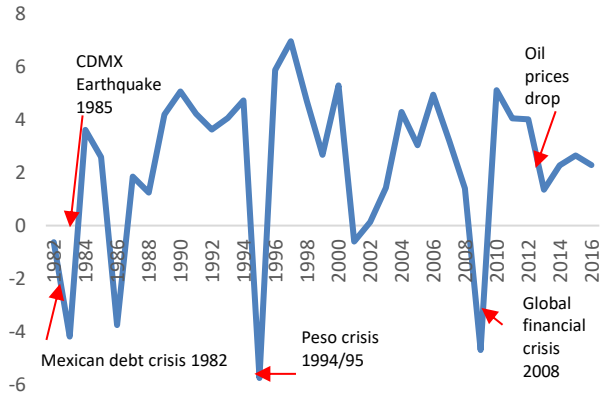
15. **Successive governments have implemented a broad set of reforms that have opened the economy to trade and supported domestic market liberalization.** The government has established a strong record of prudent macroeconomic policies. In the social sectors, it has led the way among emerging and developing economies in reshaping social protection, health care, and education policies. These reforms have helped deliver positive outcomes. Yet, low growth rates and significant inequalities continue to raise the question: how can Mexico grow more rapidly and become more inclusive? These

[5] The CPF has been informed by a gender assessment, which touches on issues of endowments, economic opportunities, and agency and covers policies that may help reduce gender gaps.
[6] Cuberes, David, and Marc Teignier. 2018. "Macroeconomic Costs of Gender Gaps in a Model with Entrepreneurship and Household Production." *B. E. Journal of Macroeconomics* 18 (1): 1–15.

are the central issues covered in the SCD.

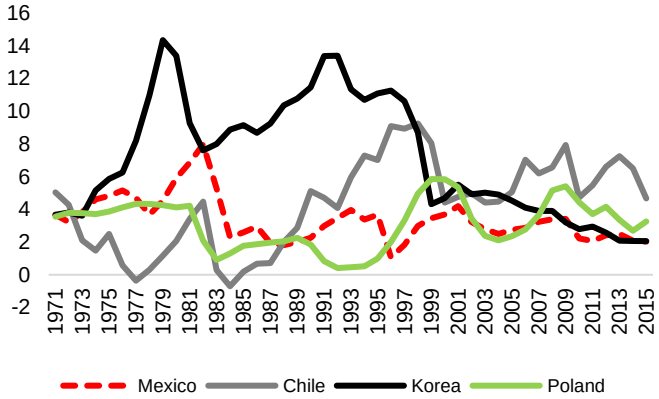
16. **The SCD points to a number of issues and outcomes that are associated with Mexico's aggregate growth dynamics**. The issues and outcomes include the following: (a) growth in Mexico has been affected by frequent and severe negative shocks to the economy (1994, 2001, 2002, 2008–09, 2014) and high volatility, paired with procyclical policies (Figure 4); (b) limited capital accumulation, particularly in infrastructure, over the last four decades (Figure 5); (c) average growth rates that mask significant regional income and growth disparities (Figures 6; Map 2); thus, the average GDP per capita of one of the richest states (Nuevo León) is close to the average in Poland, while that of the poorest state (Chiapas) is only slightly above that of Honduras (Figure 7); and (d) total productivity growth has been negative over the last 25 years, with a substantial dispersion across firms and states (Figure 8).

Figure 4. Annual GDP growth, Mexico, %, 1982–2016



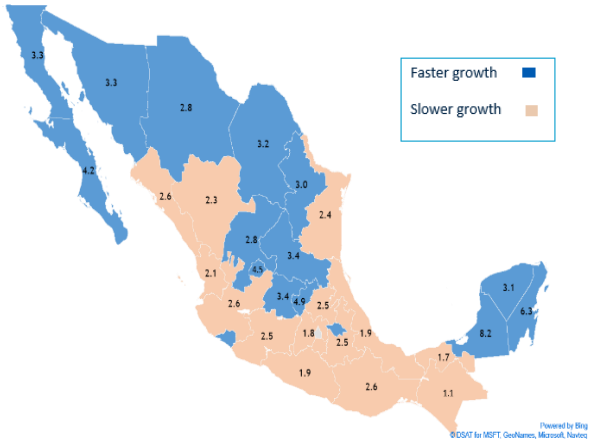
Source: World Bank, WDI.

Figure 5. Capital stock annual growth rate, %, 1971–2016



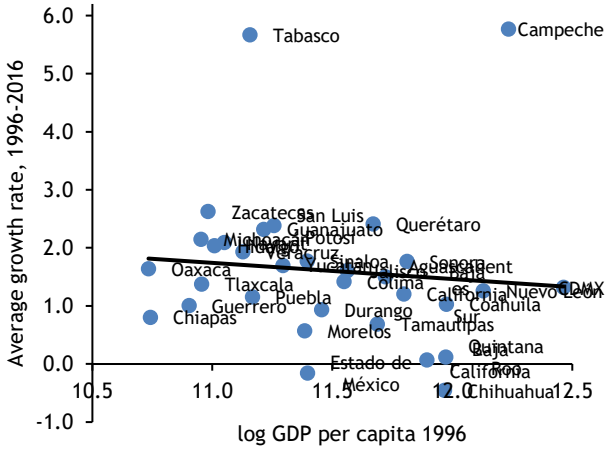
Source: World Bank calculations based on IMF Investment and Capital Stock Dataset, January 2017.

Map 2. Average growth, by state, Mexico, 1980–2016



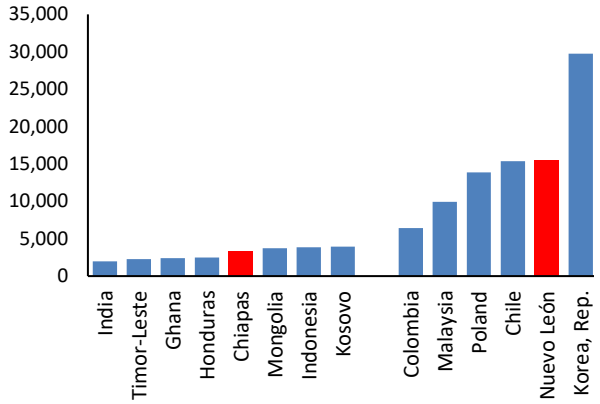
Source: World Bank calculations.

Figure 6. Unconditional convergence, 1996–2016



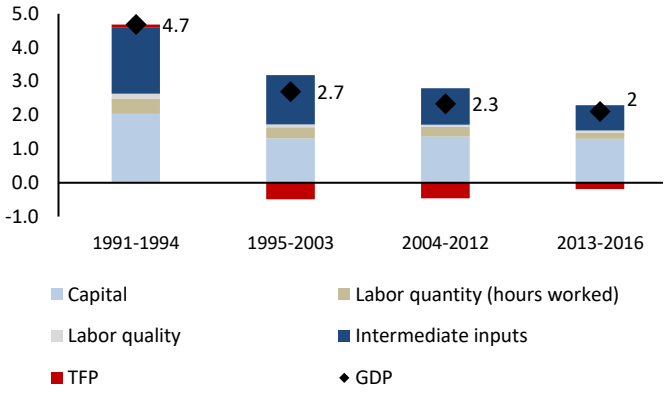
Source: World Bank calculations.

Figure 7. Per capita GDP, current US$, 2017



Sources: World Bank, WDI; INEGI; World Bank calculations.

Figure 8. Contribution of factors and TFP to output growth, %, 1991–2016



Source: World Bank calculations based on INEGI KLEMS.

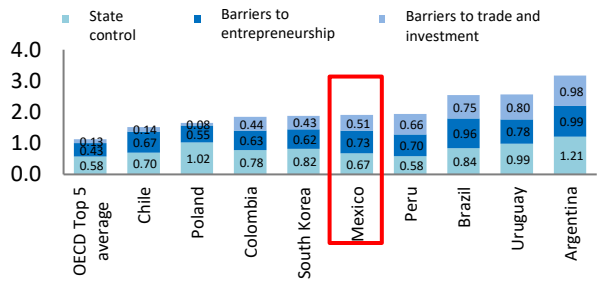
17. **Despite progress, the SCD shows that productive inclusion among the population has been hampered by a number of factors over the past decades.** While access to primary and lower-secondary education is universal, outcomes remain low—only half the 15-year-olds obtain the necessary skills to participate effectively in the labor market—and highly unequal. Similarly, while health care coverage and related health outcomes have improved, outcomes vary significantly between rural and urban areas and between richer and poorer parts of the country; the south is lagging. These factors are exacerbated by disparities in public spending and unequal service delivery across regions, which amplify social and regional inequalities. Furthermore, the limited financial access among a large share of the population hampers entrepreneurship, asset accumulation, and resilience to shocks.

18. **Digging deeper, the SCD identifies a number of impediments that have driven factor misallocation in the economy, hampering Mexico's long-term path of growth and inclusion.** The report groups these impediments into four categories: (a) product and factor markets; (b) public resource allocation and institutional policy coordination; (c) other structural constraints; and (d) rule of law issues. These impediments are a consequence of missed, incomplete, and unimplemented reforms, policies that need adjustment, and institutions across the public sector that need to be strengthened. The SCD argues that these structural impediments are linked and are associated with the limited growth and high socioeconomic disparities experienced among households, firms, and regions. The outcomes serve to reinforce and perpetuate these same impediments, creating a vicious circle.

19. **The first category of structural impediments refers to obstacles to economic growth caused by distortions in certain product and factor market institutions.** There are weak links between large export-oriented firms in the northern and central states and the numerous low-productivity SMEs across the country. To strengthen these links, it would be important to reduce the hurdles to firm entry (Figure 9), competition (Figure 10), exit, corporate governance, the flow of labor to more productive activities, and access to finance. While progress has been made, *regulatory failures* (Figure 11), *particularly at the subnational level, are hampering competition*. Well-intentioned labor laws aimed at protecting workers may be inadvertently fostering informality and labor misallocation through high costs. Informal employment—at around 57 percent in 2017, including wage earners without social security and self-employed workers—remains an issue. There are multiple causes of informality, including the above

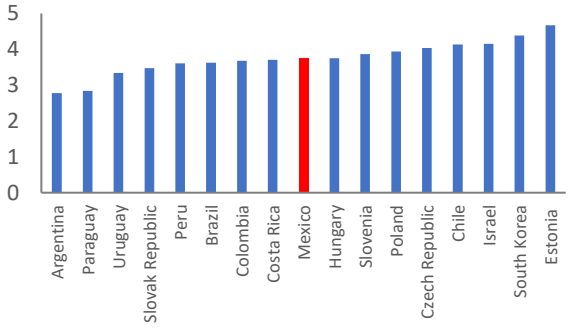
hurdles and the role of social security institutions, the perceived benefits of these institutions, and the way these institutions are financed. Labor productivity varies widely between states (Figure 12). Mexico continues to maintain one of the lowest credit-to-GDP ratios among peers; the unbanked population is far larger than the country's per capita GDP would suggest (Figure 13). The credit going to the private nonfinancial sector is only 42 percent of GDP, well below the 72 percent average in the five largest countries in LAC (without Mexico) and far below the 143.2 percent average among emerging markets worldwide. Only 11 percent of microenterprises and SMEs have access to finance, and only 37 percent of adults have an account at a formal financial institution (Map 3).[7] Limited access to finance hampers private sector growth and household inclusion. *Institutional weaknesses that limit access to finance and capital among a large share of firms and the population* call for policy and institutional strengthening (including in state banks), and innovation reforms. *The institutional constraints to productive inclusion in the labor market, especially among the vulnerable, youth and women, would need to be lifted*.

Figure 9. Product market regulation index



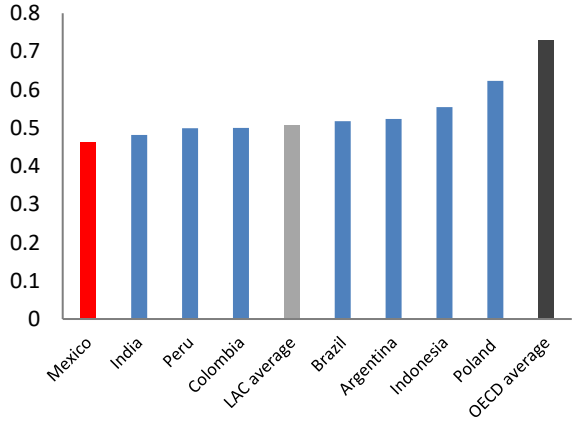
Source: World Bank calculations using OECD and World Economic Forum data.

Figure 10. Weak competition: perceived effectiveness of antimonopoly policy and enforcement



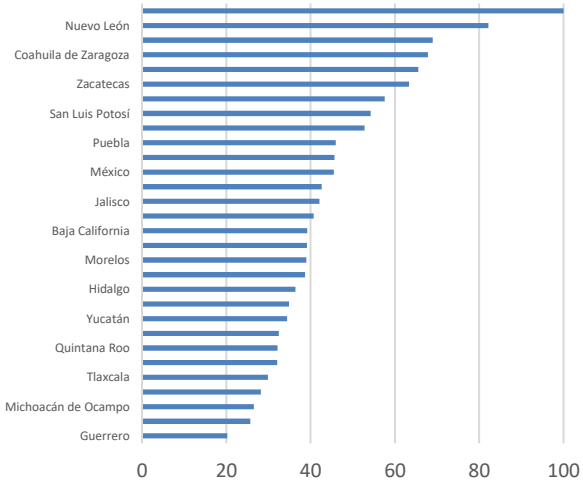
Source: World Bank calculations using OECD and World Economic Forum data.

Figure 11. Institutional enforcement: regulatory enforcement index



Source: World Justice Project, Rule of Law Index 2019.

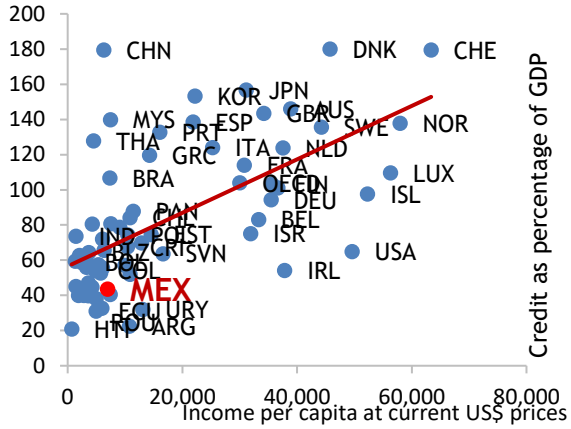
Figure 12. Average labor productivity, by state (Mexico City = 100), 1993–2015



Source: World Bank calculations based on INEGI data.

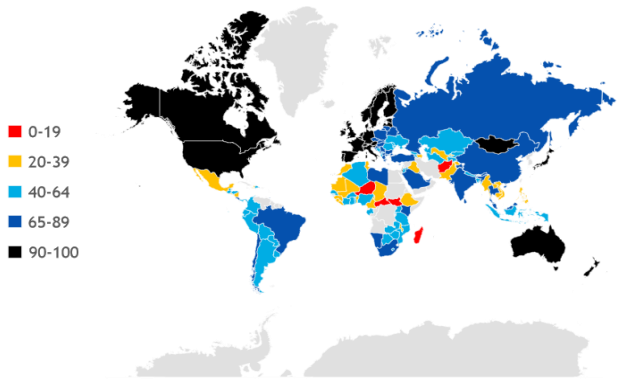
[7] 2017 data, Global Findex (Global Financial Inclusion Database), World Bank, Washington, DC, https://globalfindex.worldbank.org/.

Figure 13. Credit in GDP vs. per capita income



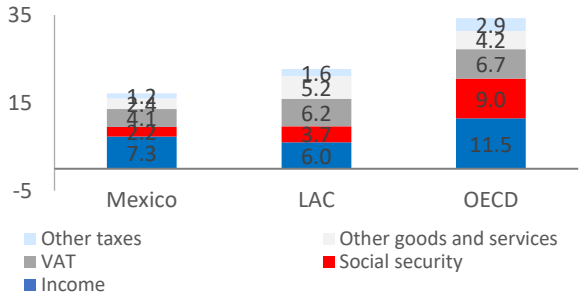
Sources: FinStats (internal database); Findex, World Bank.

Map 3. Share of adult population with an account, %, 2017



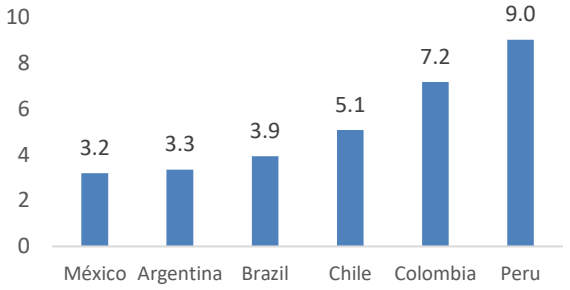
20. **The second category refers to shortcomings in public resource allocation and institutional policy coordination.** Mexico has a strong record in fiscal prudence. Yet *there are shortcomings in public finance policy and the management of resources* that could be addressed. For example, revenue mobilization is below the LAC regional average, and it is the lowest among the countries of the Organisation for Economic Co-operation and Development (OECD) (Figure 14). Even after the positive 2013 reforms, tax expenditures, undertaxed sectors (such as the digital economy), and low subnational receipts eroded the fiscal space for enhanced services and infrastructure needs (Figure 15). Public expenditure can be optimized through stronger public procurement practices and through measures to bring more equity through better services. The fiscal space for more spending on infrastructure is also important. Additionally, the *shortcomings in the institutional framework for PPPs* (Figure 16) that have impeded more private sector participation in needed infrastructure could alleviate the fiscal space constrains. More broadly, significant progress has been made in establishing a solid fiscal responsibility framework, though enhancements to that framework would signal a strong, continued medium-term commitment to fiscal discipline. The role of taxes and transfers in redistribution is also limited in inequality reduction compared with the rest of the OECD. *The limited regional equalization through the intergovernmental fiscal system* has particularly affected the poorer south of the country. Reforming the system could help address significantly the regional inequalities facing the country. A *fragmented health care system with an insufficient focus on primary health care* generates inefficiencies, high administrative costs, and lower service quality. Reducing the *high fragmentation and coordination failures across social protection interventions* could also free up more resources to assist the poor and vulnerable. Fragmentation also exists in other institutions, as shown by *the lack of an integrated personal identification system, which limits efficiency in social assistance, financial access*, *and other economic activities*.

Figure 14. Tax collection, % of GDP, 2017



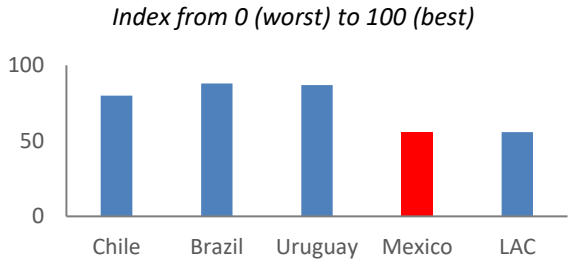
Sources: IMF, World Bank, OECD, World Bank calculations.

Figure 15. Average annual public investment, % of GDP, 2008–2015



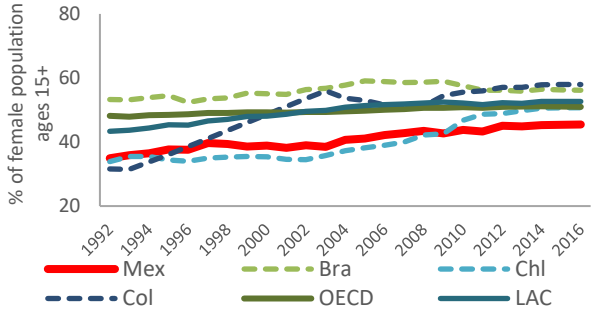
Source: Infralatam database.

Figure 16. Institutional framework, PPPs



Source: EIU (Economist Intelligence Unit). 2019. "Evaluating the Environment for Public-Private Partnerships in Latin America and the Caribbean: The 2019 Infrascope." EIU, New York.

Figure 17. Trends in female labor force participation, 1992–2016

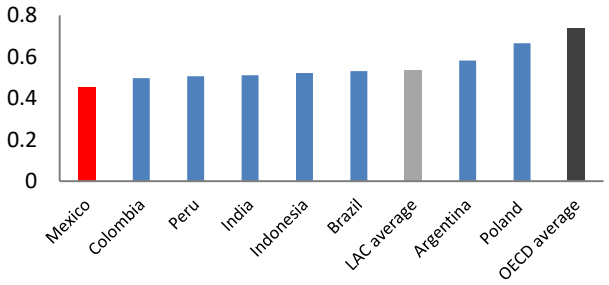


Source: World Bank, World Development Indicators (WDI) 2017.

21. **The third category refers to structural constraints to medium-term growth, inclusion, and sustainability highlighted in the SCD in various areas.** Fiscal pressures over the medium term would increase unless fiscal space can be created, especially through revenue mobilization. These pressures, which will also impact medium-term growth and inclusion, have several causes, including: (a) the demographic and epidemiological changes that are affecting pension sustainability and health care needs; (b) the demand for improved quality in public services, including in basic learning to close the gaps in educational attainment; (c) *weak institutions for early childhood development that contribute to low and unequal human development outcomes and for supporting women's participation in the labor market (including access to quality childcare)* (Figure 17); and (d) *limited public and public-private platforms for financing critical public infrastructure* to support private sector growth, resilience, and household welfare, particularly in transport, logistics (especially along the Pacific export corridors), energy, and water. These issues are critical across the country, but more acute in the south. Private sector participation in financing infrastructure through various schemes will be critical given the limited fiscal space. Environmental sustainability will depend on the ability to reduce the vulnerability to climate change and on the *availability of instruments and incentives* for citizens and economic agents to move in this direction. Stronger *institutional links among social, water, finance, and agricultural programs in rural areas* would also help. Ensuring social sustainability will require more equality of opportunity (particularly among women and the indigenous population), more opportunities for young people, a reduction in violence, and improved institutions that build trust and inspire confidence in government.

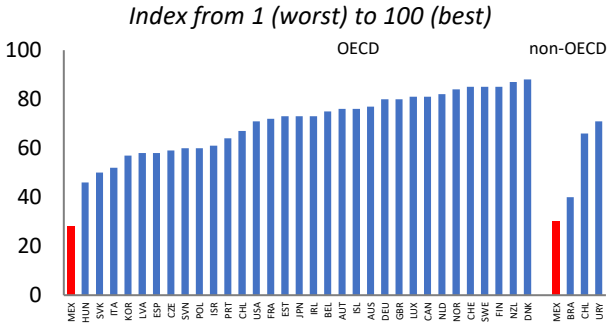
22. **The fourth category refers to the role of the rule of law**. In the Rule of Law Index 2019, Mexico ranked 99th in 126 countries and at the bottom—35th among 38 countries—among upper-middle-income countries (Figure 18).[8] Uneven application of the rule of law and shortcomings in the control of corruption increase the cost of doing business, which affects private sector growth and affects poorer households through higher out-of-pocket expenses. The Transparency International Corruption Index places Mexico 138th in 180 countries and last among the OECD nations (Figure 19).[9] Furthermore, Mexico's ranking in the control of corruption worsened in relative terms in 2010–18. The Global Competitiveness Index (2017–18) ranks Mexico 105th among 140 countries on the institutional pillar.[10] Shortcomings in institutional effectiveness may also be reflected in the rise in crime and violence, which also deter economic activity and undermine household welfare. For example, the SCD provides evidence showing that increases in the number of disenfranchised youth without a job or the means to pursue education have exacerbated the rates of crime and violence. Overcoming the *weaknesses in the institutional framework that supports youth in making effective school-to-work transitions* would be an important prevention mechanism. All the rule of law outcomes and issues arise from institutional gaps and shortcomings across the broad public sector. Dealing with them *requires targeted and multiple transparency, accountability, and anticorruption measures to build stronger institutions and mechanisms across sectors, agencies, and programs*. There is no silver bullet that can solve these issues overnight.

Figure 18. Rule of law index



Source: WJP (World Justice Project). 2019.
Note: Higher values reflect better perceptions of the rule of law.

Figure 19. Corruption perception index



Source: GCB (Global Corruption Barometer) (database), Transparency International, London

2.4. Recent Economic Developments

23. **Economic growth has remained below potential, decelerating further during 2019.** The economy expanded at a modest pace of 2 percent during 2018, but growth halted in 2019 as the deceleration in economic activity underway since the second quarter of 2018 continued through the first three quarters of 2019. On the demand side, despite real wage growth and strong remittance inflows in the early part of 2019, private consumption growth dipped to its slowest pace in the last five years. Government consumption also slowed significantly over the first half of 2019, dragged by recurrent spending cuts in the public administration. A degree of uncertainty around the trajectory of some of the new administration's sectoral policies, particularly in the energy sector, slowed investment further, which

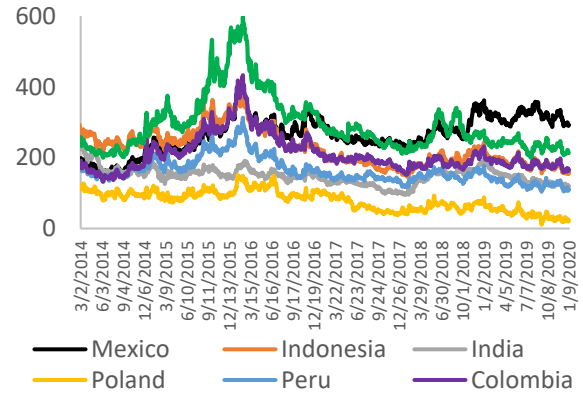
[8] WJP (World Justice Project). 2019. *World Justice Project: Rule of Law Index 2019*. Washington, DC: WJP.
[9] GCB (Global Corruption Barometer) (database), Transparency International, London, http://www.transparency.org/research/gcb/overview.
[10] GCI (Global Competitiveness Index) (database), World Economic Forum, Geneva, http://reports.weforum.org/global-competitiveness-index/.

had been weak since 2016. Positive signals such as the gas pipelines dispute resolution and more openness from the authorities toward private sector involvement in infrastructure will likely help underpin a moderate recovery in investment into 2020. On the supply side, the slide in hydrocarbon production in the first three quarters of 2019 placed a drag on growth while agriculture continued its activity at a solid pace.

24. **On the back of export demand and strong growth in remittances, the current account deficit narrowed significantly during 2019.** The current account deficit continues to be fully financed by foreign direct investment, which in 2019 remained at similar levels to past years. International reserves remain robust and stable, at US$180.7 billion by end-2019, sufficient to cover 4.2 months of imports and 291 percent of short-term external debt. Mexico's emerging market bond index (EMBI) sovereign spreads are somewhat higher than those of comparable peers (Figure 20) and have increased over the last year, owing to a perceived greater policy uncertainty domestically (particularly in the energy sector), and earlier (during 2018-early 2020), due to the ratification process of the United States-Mexico-Canada Agreement (USMCA).

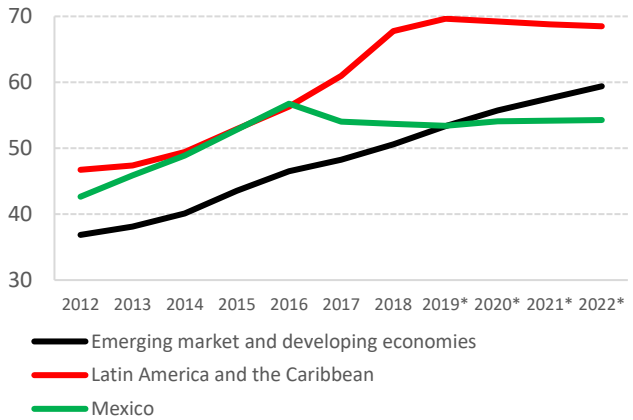
25. **Inflation pressures subsided.** Inflation is converging towards the 3 percent target of the Central Bank and is likely to stay within the Central Bank's 2-4 percent band of tolerance in the near future. With price growth slowing, and in the context of monetary policy easing measures in the U.S. and Europe, the Central Bank reduced the policy rate from 8.25 percent to 7.25 percent, following a long-tightening cycle that began at the end of 2015. The policy rate has helped the local currency to hover below 20 pesos per dollar, as Mexico remains attractive to portfolio investors, but with less positive effects for fixed capital formation.

Figure 20. The emerging market bond index, global spreads



Source: Bloomberg.

Figure 21. Gross public debt, % of GDP



Source: World Bank. * = Estimates.

26. **The financial sector is sound and well capitalized, but access remains limited.** The growth of bank credit to the non-financial private sector moderated in 2019, reaching a real annual rate of 4.6 percent by September compared to a 5.9 percent real growth recorded in the same period in 2018. Credit expansion is mostly driven by lending to the corporate sector. The banking system has a strong return on equity of 15.8 percent in September 2019 and is well capitalized with a capital adequacy ratio in August 2019 of 15.6 percent.[11] At 2.2 percent, nonperforming loans are relatively low and have been stable

[11] Bank of Mexico and National Banking and Securities Commission (CNBV).

around that level since 2016. The sector is characterized by significant concentration; the seven largest banks account for 79 percent of assets.

27. **Fiscal consolidation enabled the achievement of public debt stabilization.** Mexico led emerging markets in stabilizing public debt as a share of GDP (Figure 21). Expenditure rationalization applied throughout 2019 as well as the use of the revenue stabilization fund would enable the authorities to have an overall fiscal deficit close to 2.7 percent of GDP. This implies a primary fiscal surplus of 1 percent of GDP. Adherence to fiscal prudence is expected to continue, but there will be little room to maneuver. The 2020 draft budget envisages a primary surplus and overall fiscal deficit in line with the objective of keeping the public debt-to-GDP ratio stable. As in the previous year, the budget emphasizes categorical social programs while public investment remains moderate. Markets will look closely at the measures the authorities are implementing and developing to remedy the weak short and medium-term financial position of the state oil company Pemex, which lost its investment grade with one of the rating agencies in June 2019. The medium term, and particularly 2021-22, will be challenging. With a negative output gap gradually widening, less fiscal buffers, growing spending pressures (including the need for higher infrastructure investment to support growth), and with the aim to keep the public debt-to-GDP ratio relatively stable, fiscal space will need to come from an already urgent tax reform.

Table 1. Key macroeconomic indicators, Mexico, 2016–2022

				Projected			
	2016	*2017*	*2018*	*2019*	*2020*	*2021*	*2022*
Real sector	*Annual percentage change, unless otherwise indicated*						
Real GDP	2.9	2.1	2.1	0.0	1.2	1.8	2.3
Consumption	3.6	2.8	2.4	0.1	1.2	2.1	2.5
Investment	1.0	–1.6	0.9	-3.9	0.3	2.0	2.3
Net exports	0.8	–0.8	–0.4	2.1	0.4	–0.5	–0.2
Unemployment rate	3.9	3.4	3.6	3.5	..	..	..
GDP deflator	5.4	6.8	5.3	3.7	3.2	4.3	3.9
CPI (end-of-period)	3.4	6.8	4.8	2.8	3.3	3.5	3.5
Fiscal accounts	*Percent of GDP, unless otherwise indicated*						
Revenues	24.1	22.6	21.8	21.7	21.4	21.4	21.6
Expenditures	26.9	23.7	24.0	24.4	24.0	23.6	23.7
Fiscal balance	–2.8	–1.1	–2.2	–2.7	–2.6	–2.2	–2.3
Net public debt	48.7	45.8	44.9	45.1	45.8	45.9	46.1
Gross public debt	56.8	54.0	53.7	53.4	54.1	54.2	54.3
Monetary accounts	*Annual percentage change, unless otherwise indicated*						
Base money	15.5	10.2	5.8	4.9	4.6	4.8	5.2
Policy interest rate	5.75	7.25	8.25	7.25	..	..	..
External sector	*Percent of GDP, unless otherwise indicated*						
Current account balance	−2.2	−1.7	−1.7	−0.7	−1.4	−1.8	−2.1
Imports (% change, real)	2.9	4.4	6.2	-0.2	1.7	4.0	4.1
Exports (% change, real)	3.7	4.2	5.7	1.9	2.1	3.5	3.8
Foreign direct investment	2.8	2.6	2.1	1.9	2.1	2.0	2.0
Gross reserves, (US$ billion)	178.0	175.4	176.4	180.7	179.6	176.0	177.0
In months of imports	5.1	4.6	4.2	4.2	4.1	3.9	3.8
% of short-term external debt	330.9	334.7	288.7	291.0	294.0	288.1	289.7
Terms of trade (% change)	–0.2	1.3	0.4	1.2	-0.9	-0.3	-0.3
Exchange rate (Mex$/US$)	18.66	18.93	19.24	18.86	..	..	..

Note: CPI = consumer price index.

III. THE WORLD BANK GROUP PARTNERSHIP FRAMEWORK

3.1. Government Program and Medium-Term Strategy

28. **The National Development Plan (NDP) establishes a broad government vision for 2019–24 to be realized through sector-specific programs.** It prioritizes economic and social development, with an emphasis on infrastructure projects, policies to fight corruption and poverty, and the promotion of social well-being. The NDP aims to eradicate corruption in the public sector through better institutions, foster participatory democracy with active civil society participation, and guarantee the right to work, housing, security, education, and health care. The NDP social policy objective is to strengthen policy interventions to help the poor and vulnerable, such as the elderly, persons with disabilities, and low-income minors and young people. The main economic objectives are to stimulate growth, maintain the stability of public finances, and boost national and foreign private investment.

29. **The NDP operates through sectoral programs that serve as concrete policy and action plans.** They specify the goals and strategies to be implemented in each sector, as well as through the National Program for Development Financing. The latter elaborates on the strategy of the government for financing development and defines strategies and lines of action to achieve the overall vision of the NDP 2019–24.

30. **The new government program emphasizes the main impediments that are at the core of the country's economic and social challenges, many aligned with the SCD.** In line with the first category of structural impediments identified in the SCD ("Product and factor markets"), the government aims to increase productivity by promoting financial access, particularly in rural and marginalized areas; increase flexibility in the labor market and facilitate the formalization of jobs; and foster regulatory simplification and the removal of regulatory barriers to competition. Consistent with the second category of structural impediments ("Resource allocation and institutional policy coordination"), the promotion of an efficient public administration is at the core of the new government program, including securing sufficient fiscal resources to strengthen social infrastructure. In relation to the third category of structural impediments ("Structural constraints to growth, inclusion, and sustainability"), the government strategy includes initiatives to improve the access and quality of education as well as housing and water and sanitation services; to ensure food security and increase the competitiveness of agricultural producers, particularly women and indigenous populations; and to address inequalities of gender, race and ethnicity, age, and socioeconomic condition, as well as regional and territorial inequalities. The government program also addresses the need to protect the country's natural resources and biodiversity and to promote initiatives that consider climate change adaptation and mitigation measures. Finally, in line with the fourth category ("Rule of law institutions"), the program places an emphasis on tackling corruption and fostering government accountability, as well as promoting an open government with citizen participation and a focus on historically discriminated and marginalized groups.

3.2. Proposed World Bank Group Country Partnership Framework

Lessons learned from implementation of the previous Country Partnership Strategy

31. **The Completion and Learning Review of the Mexico Country Partnership Strategy for FY2014–FY2019 highlights four lessons that are relevant in the design of the strategy** (Annex 2). First, flexibility in the WBG's engagement has been key to responding to Mexico's dynamic development needs. Second,

the support for Mexico's role as a global knowledge provider has offered key insights for the global public goods agenda. Third, close collaboration within the WBG, that is, the International Bank for Reconstruction and Development (IBRD), IFC and MIGA, is fundamental to crowding in the private sector. Fourth, the use of the full suite of WBG instruments helps maximize the WBG's relevance in upper-middle-income countries such as Mexico.

32. **An Independent Evaluation Group Country Program Evaluation that assessed the development effectiveness of the WBG country program in Mexico from 2008 to 2017 highlights additional lessons**, as follows:[12] (a) the World Bank has an important structural role in middle-income countries in providing policy guidance, participating in national debates, and exercising convening power; (b) it is important to balance detailed strategy with flexibility to respond effectively to changing circumstances; (c) deepening subnational engagement in lagging regions is necessary for substantial poverty reduction and a focus on shared prosperity; and (d) maximizing impactful private finance will be especially important in the future because of constraints on World Bank lending.

Consultations on the FY2020–FY2025 CPF

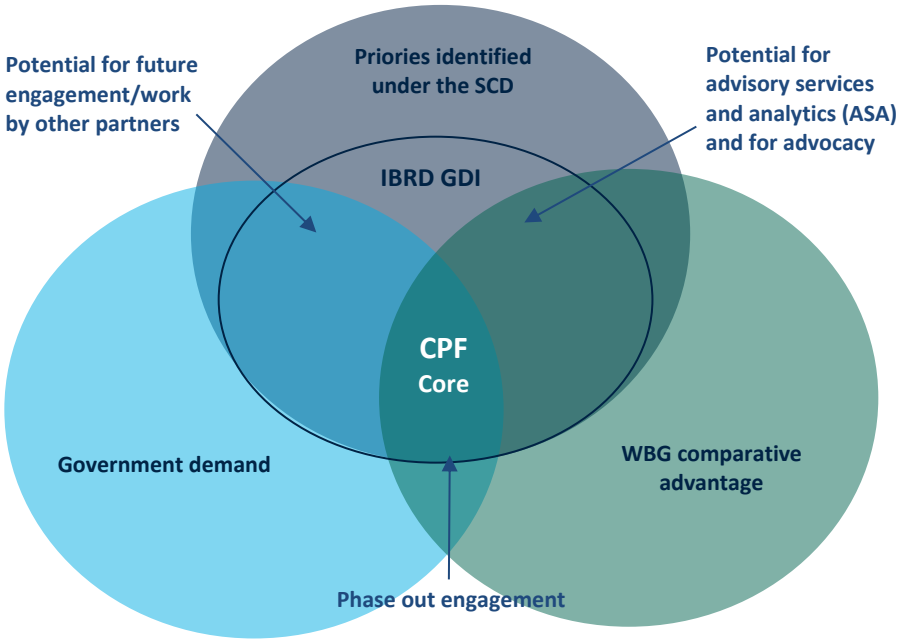
33. **The WBG carried out extensive consultations on both the SCD and the CPF.** Face-to-face SCD consultations were held in three cities (Mexico City, Queretaro, and Tuxtla Gutierrez) in October 2017 and April 2018. Face-to-face CPF consultations were held in September and October 2019 in Mexico City and Oaxaca. An online survey asking participants to identify the country's key development challenges and prioritize WBG engagement ran between September and October of 2019. Key stakeholders included local and national public authorities, private sector actors, local and national civil society organizations, opinion leaders, and representatives of academic institutions and high-level interdisciplinary research entities. These discussions were critical to validating the diagnostic and to receiving feedback on emerging priorities. A significant portion of the top priorities emerging from the consultations are reflected in the proposed CPF. The consultations showed strong support for the engagement in areas such as financial access, regulations that hamper growth, support for infrastructure, fostering quality in human development, and addressing climate change. A list of the participants in the face-to face consultations is included in Annex 7.

Approach to selectivity

34. **The CPF is selective in identifying objectives and activities for WBG engagement according to the aim of exerting a greater impact on sectoral and country outcomes.** The objectives and engagement reflected in this CPF are at the intersection of the government's actual and potential demand, the priorities identified in the SCD, and the WBG's comparative advantage in the country. Moreover, in line with the GDI, the SCD, and the authorities' own assessment, addressing the key constraints to establishing institutions responsible for economic and social development is a central selectivity filter (Figure 22).[13]

[12] IEG (Independent Evaluation Group). 2018. *Mexico: Country Program Evaluation; An Evaluation of the World Bank Group's Support to Mexico (2008–17)*. What Works Series. Washington, DC: World Bank.
[13] Mexico's gross national income per capita in 2018 was US$9,180 (World Bank Atlas method).

Figure 22. CPF selectivity filters, Mexico



35. **As highlighted by the SCD and throughout this CPF, there are important institutional gaps to be tackled in Mexico to foster broad-based growth, inclusion, and poverty reduction**. The SCD identified institutional gaps in four main areas: (a) product and factor markets; (b) resource allocation and institutional policy coordination; (c) other structural constraints; and (d) rule of law issues. Dealing with institutional shortcomings requires targeted and multiple measures and interventions across policies, sectors, agencies, programs, and projects.

36. **Helping address these institutional shortcomings will be central to new activities under the CPF**. Many of the institutional considerations that lie at the intersection of the SCD and the GDI have also been prioritized by the government. Given that no single policy can tackle all the institutional shortcomings, each new program, project, and activity under this CPF will have a strong institutional foundation, as well as components to support institutional building across sectors and agencies.

37. **Mexico has access to external capital markets on reasonable terms; yet, institutional strengthening would enhance this capacity and reduce the risks**. The country has a strong record of prudent macroeconomic policies and garners high credibility in international markets. Domestically, however, a large portion of firms and the population have limited access to finance (see Figure 9; Map 3).[14] To spur growth and poverty reduction, it is critical that the access of sovereign and large financial and industrial corporations to debt and capital markets can also flow to the rest of the economy.

38. **The CPF proposes an evolved approach to the World Bank's engagement in Mexico.** The Bank's comparative advantage in upper middle-income countries like Mexico lies in its ability to combine financing with the provision of global knowledge embodied in complex and innovative policies and high-

[14] 2017 data, Global Findex (Global Financial Inclusion Database), World Bank, Washington, DC, https://globalfindex.worldbank.org/.

impact projects. The CPF envisages less support for some traditional financing activities within sectors. In sectors in which the World Bank has traditionally been engaged, the program will have less focus on the direct financing of more straightforward or simpler infrastructure projects that do not require World Bank support. To produce greater impact on sectoral and countrywide outcomes, activities will be centered on endeavors requiring more complex structures, including within infrastructure, institutional capacity building, and significant policy and institutional reforms. They will also focus on high value-added programs that bring global experience and that show greater potential for learning that can be transmitted as global goods to other countries and regions, along with the ability to crowd in the private sector. To be effective and relevant in this middle-income country, the World Bank will use the full suite of financing instruments and services.

39. **Similarly, the IFC is shifting toward engagements that open new markets and innovative ways for the private sector to participate in the economy**. IFC will assess financial and non-financial additionality for each engagement and make private funds available for the expansion of public services via the private sector, catalyze investments to create markets and increase private sector participation in underserved segments, transfer knowledge, help set standards, provide longer term private finance and play a countercyclical role. Moreover, MIGA will focus on supporting cross-border foreign investment for projects that enhance market development, inclusiveness, sustainability, and encourage further inflows of foreign investment.

40. **Among the many topics identified in the SCD, as well as development challenges identified elsewhere, the CPF focuses more narrowly on those issues and challenges singled out by the government and in which the World Bank has a clear comparative advantage**. The government has clear preferences for the World Bank's engagement. Several areas identified in the SCD are not part of the selected program activities (e.g., judicial system, security, among others). This is mainly because the authorities have their own approaches for dealing with these areas and issues and have not requested World Bank support. In some areas, the authorities have requested the support of other development partners. In other areas, the World Bank, as part of this strategy and in agreement with the authorities, does not see a comparative advantage for the World Bank's participation (in the context of Mexico), including under the rationale of being selective in the use of resources. Moreover, even within the sectors in which the World Bank has engagements, they will evolve to a narrower set of activities under the parameters explained in the paragraph above.

41. **In the short term, the CPF envisages less financing support, but continued policy dialogue, in sectors where the new administration is still defining priorities**. In these areas, including education, health care, and energy, designing a program with the government will take time. Meanwhile, the World Bank will continue its policy dialogue with the authorities to foster positive sectoral and country outcomes in these areas.

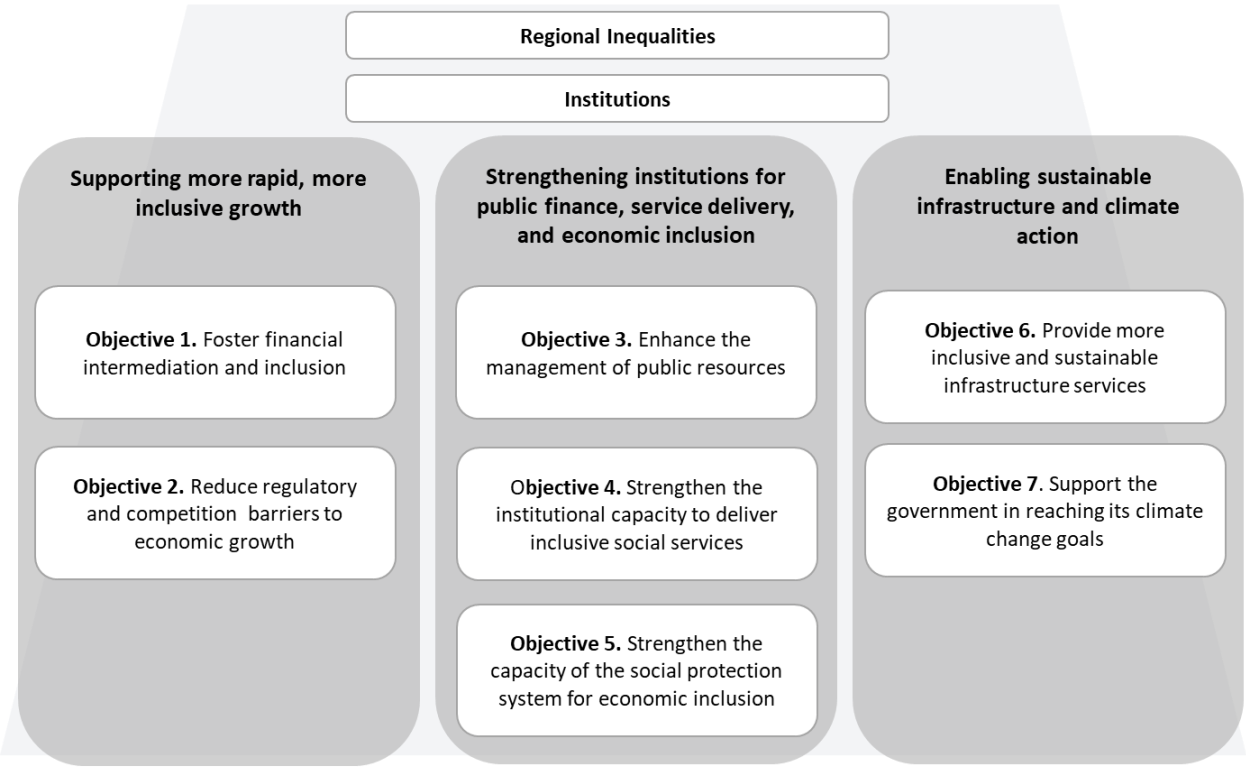
42. **Under the CPF, supporting engagements with positive global externalities is critical.** Mexico has become a knowledge transfer hub that supports knowledge exchanges with more than 100 countries across the world. This outcome was fostered through World Bank-financed projects and activities during the last CPS period, when the World Bank played a major role in promoting global learning, including in disaster risk management, social protection, climate change, and other areas. This effort will now be further strengthened under this CPF.

43. **The private sector is a central engine of growth; and thus, the WBG engagement will seek to leverage private resources for development**. The WBG will crowd-in private sector investments through expanding the use of public-private partnerships at the federal, state and municipal level, and across priority sectors. In the context of limited fiscal space, the WBG is well positioned to support private participation in infrastructure and other services to enhance the welfare of the population and to boost demand.

44. **The WBG will also place a higher focus on the south of the country where a large portion of the poor live**. A geo-tracking exercise shows that World Bank project financing that reached the south and southeast states of Chiapas, Guerrero, Oaxaca, Puebla, and Veracruz from FY2014 to FY2018 averaged around 48 percent more than the average across all states (see Box 1). For the proposed CPF, the World Bank has set a target of 75 percent more resources going to these states relative to the national state average. Given that international financial institutions (IFIs) are not allowed to lend to subnational governments by law, directing support to the south of the country will continue to be done through project criteria (for financing) in Investment Project Financing (IPFs) and through policy measures at the federal level that benefit (in substance) more significantly those poorer areas of the country.

Areas of engagement

Figure 23. CPF objectives, focus areas, and cross-cutting themes



45. **The WBG interventions are organized into three focus areas, covering seven CPF objectives and related country results**. The three areas of engagement are: (a) supporting more rapid, more inclusive growth; (b) strengthening institutions for public finance, service delivery, and economic inclusion; and (c) enabling sustainable infrastructure and climate action. The CPF focuses on selected engagements

identified in the SCD as critical. It also has a core focus on institutional strengthening, attracting private sector financing and participation, and the development of the south of the country. There are seven specific objectives in these focus areas: (a) foster financial intermediation and inclusion; (b) reduce regulatory and competition barriers to economic growth; (c) enhance public resource management; (d) strengthen the institutional capacity to deliver inclusive social services; (e) strengthen the capacity of the social protection system for economic inclusion; (f) provide more inclusive, sustainable infrastructure services; and (g) support the government in reaching its climate change goals. Figure 23 summarizes the structure of the CPF; Annex 1 presents the results framework and intervention logic for each objective.

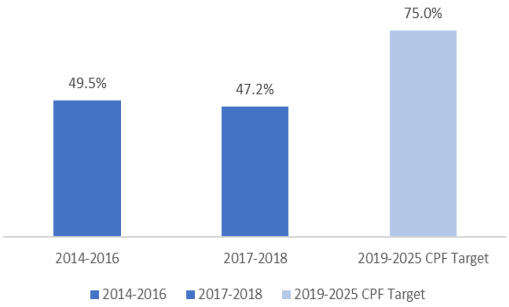
46. **Each of the seven objectives and the related activities involve supporting the two cross-cutting themes identified as critical in the SCD and by the authorities: strengthening institutions and reducing regional inequalities across the country, but with a focus on the south.** Addressing institutional challenges is central to confronting the low-growth, low-productivity paradigm that is undermining development progress. This task is multisectoral and multiagency and thus needs to be embedded in all CPF activities. Moreover, enhancing services and economic opportunities among historically excluded groups is key to improving outcomes. This has been particularly important in the south, where a large share of the poor and vulnerable is concentrated (Box 1). Women, youth, and the indigenous population are confronted by complex challenges. Overall regional inequality is widening as the industrialized north and center-north grow more rapidly than the less well developed south. Much of the new government's mandate is underpinned by its promise to address these historic and growing inequalities. They are similarly emphasized in the CPF program. All activities incorporated into the CPF will be vetted to ensure a focus on the two cross-cutting themes.

Box 1. Reducing regional inequality with a focus on the south and southeast

There has been limited regional convergence in Mexico over the last 20 years. Large differences between the industrialized north and center-north and the less developed south persist, and eliminating these differences represents a development priority for the country. The World Bank has thus especially emphasized reducing regional inequalities, particularly for the benefit of the south and southeast, with the aim of increasing the volume of World Bank resources going to the poorest states.

Building on the IEG Country Program Evaluation (2008-2017), all IBRD financing incorporated in the CPF will be tracked using geo-referenced subnational data to measure the distribution of resources under each activity. An analysis of the previous Country Partnership Strategy provides a baseline from which to measure progress. The analysis shows that World Bank project funding approved for the south and southeast states of Chiapas, Guerrero, Oaxaca, Puebla, and Veracruz from FY2014 to FY2018 was on average 48.8 percent larger than the national state average (see Figure B1.1). For the current CPF, the World Bank has set a target of 75 percent more resources going to these states relative to the average across all states in Mexico.

Figure B1.1. South/ South-East States Financing Premium as compared with the National State Average (percentage)



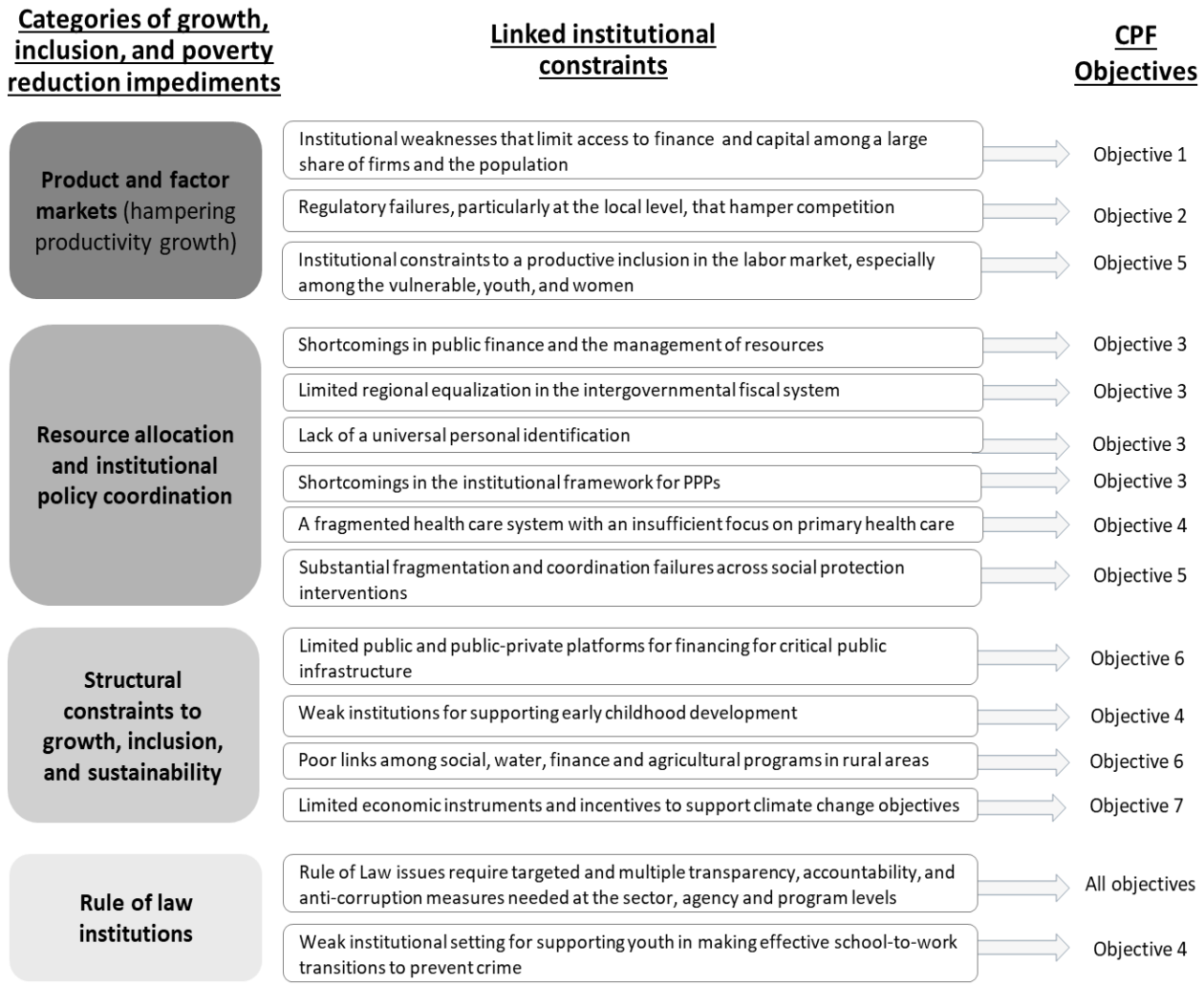
47. **WBG interventions will favor opportunities to crowd in private investment and leverage regional development initiatives.** The IFC and the overall WBG program will leverage four local and global long-term opportunities that will drive the effort to help address Mexico's growth, inclusion, and

sustainability challenges: (a) the country's new policy agenda, with a strong mandate to improve institutions; (b) opportunities and threats linked to technological disruption in key sectors of the Mexican economy; (c) increased awareness of risks and opportunities linked with climate change and resilience; and (d) new opportunities arising from regional integration under the revised USMCA, the United States–Mexico–Central America Initiative, and the Pacific Alliance.

3.3. Objectives Supported by the WBG Program

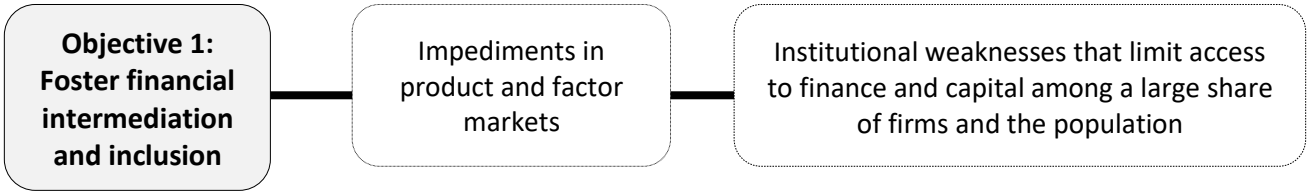
48. The objectives reflected in this CPF are at the intersection of the actual and potential or envisaged government demand, the priorities identified in the SCD, and the WBG's comparative advantage. The GDI provides a filter for the selection of all new activities in this CPF. **The three focus areas and the seven related objectives are interlinked and reinforce each other in supporting growth and inclusion. Moreover, the selected engagements identified in the seven objectives exhibit a core focus on building institutions, thereby linking directly with the structural impediments and institutional constraints identified in the SCD and aligning fully with the World Bank's GDI commitments** (Figure 24).

Figure 24. Linking the SCD (inclusive growth challenges), institutional constraints, and CPF objectives



Focus Area A. Supporting more rapid, more inclusive growth

Objective 1. Foster financial intermediation and inclusion



49. **The new government authorities and the SCD have highlighted overcoming the challenge of limited financial access as critical to fostering inclusive growth.** Mexico's financial sector is relatively small, thereby constraining intermediation. The credit going to the private nonfinancial sector represents only 41.6 percent of GDP, well below the 72.5 percent average of the other four of the five largest economies of the LAC region and far below the 143.2 percent average among emerging market economies worldwide. Of the 47 percent of the population that has access to transaction accounts, there was a 20 percentage point difference in access between the northwest of the country (60 percent access) and the poorer center, south, and east (40 percent).[15] According to the SCD, such gaps in access have a large impact on the economic inequality of individuals and on the productivity, growth, and employment of microenterprises and SMEs, which provide the bulk of the jobs in Mexico. Institutional weaknesses that limit access to finance and capital for a large share of firms and the population are part of the challenge. To begin addressing this issue, the new government has embarked on a first phase of reforms to boost financial access through electronic payment systems, financial technology solutions, and the realignment of development finance institutions to provide better services to populations that are not served by commercial banks. Compared with earlier CPFs, which prioritized broad measures in the banking sector, this CPF supports the authorities' renewed efforts to identify and eliminate bottlenecks for financial access and inclusion across the legal framework, including through the adoption of innovative solutions aimed at reaching unbanked populations.

50. **To support this agenda, the WBG engagement will include the following**:

- The **World Bank** will continue supporting reforms in financial access, including among underserved groups and regions, such as the south. It will accomplish this through policy dialogue and lending that supports institutional and policy reforms, underpinned by strong analytics and the advisory work under the Financial Inclusion Global Initiative. This work will support the implementation of more accessible electronic means of payment, the possibility of a broader range of assets that can become collateral for operations, reduced collection costs for nonperforming loans, improved financial education, capital market access among medium size firms, a solid regulatory framework for financial technology firms and financial intermediaries that target underserved market segments. The World Bank will also provide support through projects that help build a strong institutional framework and platforms to foster capacity and good practice, as well as private financial intermediaries that can reach rural and underserved areas and beneficiaries to make financing scalable and establish institutional settings that are self-sustaining over the medium term. This includes support for strengthening development banks to support financial access, including for *Banco del Bienestar*. It

[15] National Survey of Financial Inclusion; see "*Encuesta Nacional de Inclusión Financiera 2018: Presentación de resultados*," National Banking and Securities Commission and National Institute of Statistics and Geography.

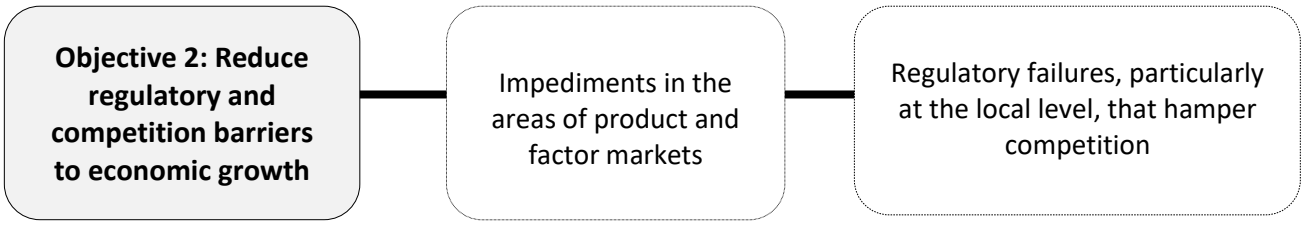
also includes projects such as the Expanding Rural Finance Project, to scale up the project's impact in terms of number of beneficiaries, including women and populations in marginalized areas, while strengthening small, private financial intermediaries.

- **IFC** will continue promoting the financial access of SMEs. It will support new entrants in the provision of financial services, expand the lending capacity of players in the banking sector that support SMEs, and diversify financing options through microfinance and nonbank financial institutions and debt funds. A gender focus will be included whenever possible. SME access to finance will be fostered by leveraging World Bank and IFC work on asset-based lending and by developing products to crowd in private financing. Other interventions include the development of local capital markets.

- **MIGA** will explore opportunities to deploy its political risk insurance and credit enhancement instruments to de-risk private sector foreign investments in the financial sector, including providing potential support to SMEs.

- The **WBG** will continue supporting the authorities in the implementation of the law on financial technology. The law represents an opportunity to expand access to financial services, while enabling innovation in the industry. The World Bank will support, through technical assistance, the necessary institutional capacity and coordination mechanisms to oversee the development of this market. **IFC** will make catalytic investments in financial technology firms and will support the digital transformation of second-tier banks and leading nonbank financial institutions.

Objective 2. Reduce regulatory and competition barriers to economic growth



51. **A key challenge for Mexico has been the limited productivity growth over the past 25 years.** The overall contribution of TFP growth has been negative during the period. There is significant dispersion across regions, sectors, and firms, and particularly negative outcomes in the south. While previous CPFs focused on improving the competition framework at the national level (including in the energy and telecoms sector), the focus in this CPF is on tackling constraints to competition and productivity growth at the subnational level, especially related to the regulatory overburden and weak enforcement. By some estimation, overregulation costs up to 1 percent of a state's GDP growth on an annual basis. Addressing this problem requires an evaluation and substantial streamlining of the regulatory burden, and improved enforcement efforts throughout the country. The agriculture sector contributes significantly to the value added in the economy and to export receipts. Moreover, it is central to the government strategy in food security. Yet, productivity is relatively low, and adequate services for small producers are lacking, particularly logistics and market infrastructure services and especially in the south, leading to poor market integration, low productivity, and anticompetitive practices among wholesalers. Investments to upgrade digital infrastructure are critical to improving competitiveness, especially in lagging and more

disconnected regions.[16]

52. **To support this agenda, the WBG engagement will include the following:**

- The **World Bank** will support the government in its efforts to raise productivity through technical assistance in the design and implementation of policies aimed at reducing barriers and costs to entry and exit, reducing regulatory costs of operation, encouraging greater formalization, and more efficient programs for enterprise development and entrepreneurship. It will also support institutional reforms and stronger enforcement mechanisms at the local level. A productivity report will provide a strong analytical basis for designing policies that will exert a substantial impact on productivity growth. The World Bank may support this agenda through financing instruments as well.

- The **World Bank** will support the adoption of measures to improve competition and reduce unnecessary regulatory burden, particularly at the subnational level. It will do so specifically through an ambitious program of technical assistance that aims to work with states and municipalities to improve regulatory design, implementation, and evaluation, while reducing duplicative and unnecessary regulatory burden.

- The **IFC** will seek to accelerate the development of digital infrastructure with a special focus on carrier neutrality to strengthen competition. This will support the provision of high-quality broadband services, promote sectoral competition, and help build a strong foundation for the growth of a digital economy and for digital inclusion. Other IBRD and IFC interventions to foster productivity include promoting enhanced logistics and supporting new value chains, such as in agriculture and forestry.

- **MIGA** will continue to explore opportunities through political risk insurance and credit enhancement products to enhance growth and productivity. Working closely with the IFC, the World Bank, and other development partners, MIGA will support cross-border investment, in particular in critical infrastructure projects.

- In the higher-education space, **IFC** will promote the introduction of scalable models that leverage technology, improve learning opportunities, and enhance employability.

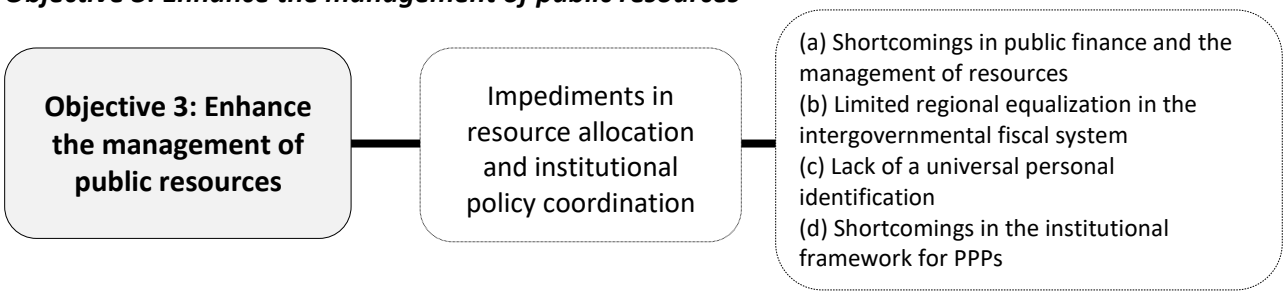
- The **World Bank** will continue efforts to crowd in private financing for agriculture storage infrastructure and market price information systems in the southern states to support productivity among small agricultural producers and access to private finance and to level the playing field in terms of market power with other agents in sectoral value chains. Through a mix of analytical and financing instruments, it will seek to support this agenda by partnering with sectoral authorities, local development banks, and private financial intermediaries with reach in rural areas to ensure the crowding in of private financing.

- In agribusiness, **IFC** will support firms and products toward the integration of smallholders into key supply and export chains, and it will seek to enhance their environmental sustainability. IFC will particularly focus on agribusinesses in the south.

[16] For instance, the NDP includes investments to develop a logistics corridor (*Corredor del Istmo de Tehuantepec*) between the Gulf of Mexico and the Pacific, which includes port facilities, rail upgrades, and road investments.

Focus Area B. Strengthening institutions for public finance, service delivery, and economic inclusion

Objective 3: Enhance the management of public resources



53. **Improving public sector institutions is a critical challenge**. To meet the aspirations for inclusive growth, the authorities are committed to improving the government's ability to deliver public services and public infrastructure sustainably, transparently, efficiently, and equitably. In public finance policy, this will require opening fiscal space for investment through tax policy and administrative reforms that promote equitability and avoid reducing the competitiveness of the economy. Controls, information management, and more efficient processes would help safeguard public resources. To fill the widening gaps in public infrastructure, it is also critical to modify the institutional framework for the origination and operation of PPPs to attract more private sector participation. Lagging states with high poverty rates require a more rapid pace of convergence. The intergovernmental fiscal system and the associated institutional framework may need to be adjusted to achieve this. Access to finance, the accuracy of targeting in social protection, and access to economic activities are currently limited because of the lack of a single identity system. This institutional gap also creates space for fraud and corruption in public and private transactions.

54. **WBG support for this objective will include the following:**

- The government is seeking to undertake reforms with the aim of ensuring better, more efficient control and planning of public resources. The **World Bank** will support a broad institutional modernization of the public financial management system, including the consolidation of core functions, the strengthening of decentralized administrative functions, and the strengthening of the national public investment management system through an investment project currently in preparation.

- The **World Bank** could support the government's future efforts to enhance domestic revenue mobilization through analytical and other instruments, including at the subnational level. Similarly, it could support efforts to reduce public spending inefficiencies. Building on past engagements, it could also support efforts to strengthen the intergovernmental transfer system, particularly in its equalization capacity to states in the south.

- The **World Bank** will support the government reforms to unify the fragmented system of personal identification, with the aim of creating a national personal identification service and the associated institutional and system changes through advisory work and a possible lending operation. These reforms will be critical in enhancing access to and the targeting of social assistance and access to finance and other economic activities.

- The **WBG** will seek to maximize finance for infrastructure. It will endeavor to promote a more effective institutional and organizational framework to implement PPPs at the federal and subnational levels. In tandem, **IFC** will help structure, implement, and finance first-in-kind PPP projects in key sectors.

Objective 4: Strengthen the institutional capacity to deliver inclusive social services

55. **Strengthening institutions to foster human capital is critical to enhancing productivity and welfare**. While the government has significantly improved access to health care and education in recent decades, the quality of these services and the equity in outcomes still vary enormously. This hampers the country's overall economic growth potential. At 0.61, the human capital index is around the value one might expect of a country at Mexico's level of income, but this still represents significant learning shortfalls and masks large differences across groups and regions of the country. Part of the challenge in addressing these poor and unequal learning outcomes is that Mexico lacks a strong framework to support early childhood development, which would help buttress improvements in learning throughout the education cycle. The fragmented institutional framework for health care generates unnecessarily high administration costs, the highest among OECD countries (as a percent of total health costs) and high internationally. The fragmentation also leads to unequal health outcomes. Crime and violence in Mexico have spiked in recent decades, becoming a significant developmental problem for the country, disproportionately affecting young men. Evidence shows a high correlation between crime rates and the share of young people not in education, employment, or training.[17] The institutions that support the education-to-work transition among youth are not well structured.

56. **To support this agenda, the WBG engagement will include the following:**

- The **World Bank** will aim to focus on assisting government efforts to improve the equity of the education system by reducing the learning gaps between marginalized and nonmarginalized students. Analytical work would center on the development of an equity strategy that reflects a life-cycle approach whereby the government will intervene to close the learning gap throughout the education trajectory of marginalized and at-risk students. The World Bank will work closely with the major early childhood development providers to determine the effectiveness of implementation modalities and to support advances toward common standards across childhood development services.

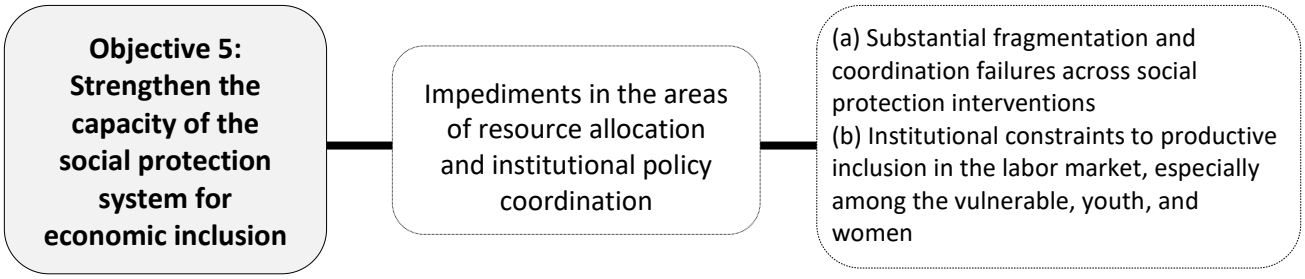
- The **World Bank** will support government efforts to improve the quality of health care and strengthen

[17] De Hoyos et al., 2015

primary care services. This will require reforms, including the regional integration of services through health care networks and, most importantly, an integrated primary care model that emphasizes prevention and promotion. The World Bank will support the piloting of new models of integrated care at the regional level. **IFC** will continue to support innovative and scalable models for the delivery of high-quality, affordable private health care services.

- The **World Bank** intends to take forward analytical work in areas in which knowledge gaps have been identified in the SCD that are related to the causes and consequences of crime and violence.

Objective 5: Strengthen the capacity of the social protection system for economic inclusion



57. **Social protection is at the heart of the new government's agenda, with an explicit focus on addressing historical coverage gaps**. The Mexican government has always been at the forefront of social policy. Yet, despite innovative approaches and documented positive impacts, coverage gaps among vulnerable groups persist. The wide-ranging government social policy agenda has signaled a shift towards the prioritization of vulnerable groups, such as the elderly, youth, the disabled, and indigenous people as well as a move away from a previous focus on conditional cash transfers (CCTs) towards transfer programs with a greater focus on economic inclusion. The government is making significant investments through new flagship programs, such as the youth apprenticeship program, and through adjustments in existing programs, such as the expansion of the social pension program for the elderly. These efforts require strengthening institutional capacity and improved coordination to avoid inefficiencies and the waste of resources. The government is investing in the establishment of integrated development centers at the local level to address this issue. It aims to use these centers as platforms for improving financial access and coordinating social programs. The social assistance system is highly fragmented. There are more than 200 federal programs, and a total of 5,491 programs nationwide, many targeted to the same groups and objectives. There is also a need to strengthen the institutional capacity to support labor market inclusion, especially at the subnational level, which would help improve employability among the vulnerable. In particular, promoting the economic inclusion of women will require a comprehensive approach based on addressing the myriad institutional challenges that limit women's participation in the labor market. Women have a strikingly low rate of participation in the labor force, well below the average in LAC, which reduces economic opportunities.[18] The institutions that should be supporting the critical human right to work and the related economic goals are weak, including the child care system. Closing the pension coverage gap, which affects the elderly, is an important policy priority, though there are challenges to achieving a more equitable and sustainable pension system.

[18] Only 45 percent of working-age Mexican women are part of the labor force, compared with an average of 51 percent in all Latin American and Caribbean countries, 52 percent in the OECD countries, and levels of around 50 percent in Chile and 58 percent in Colombia.

58. **To support this agenda, the WBG engagement will include the following**:

- The **World Bank** will support improvements in the functioning of the local offices of the National Employment Service, with a focus on those offices that are underperforming, mostly in poorer or lagging regions of the south, to support enhanced labor market intermediation functions.

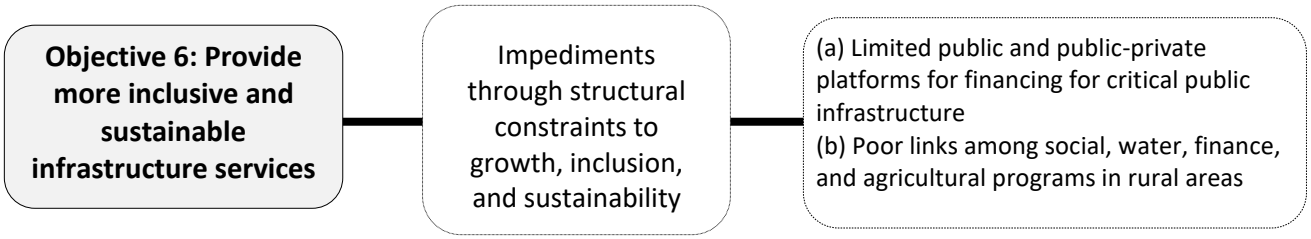
- The **World Bank** will support the economic inclusion of women, initially through analytical work focused on identifying the main bottlenecks to women's labor force participation and developing potential policy interventions to address these bottlenecks.

- The **World Bank** will support government reform efforts to promote a more equitable and sustainable pension system at both the federal and state levels, including through more robust institutional arrangements for sector coordination and supervision. This work will initially be provided through technical assistance.

- The **World Bank** will initially focus on supporting a model to link the beneficiaries of social programs to financial services to support the government's financial access agenda. Additionally, it will explore the provision of advisory services and analytics (ASA) support to state governments, primarily to strengthen the capacity of key social programs.

Focus Area C. Enabling sustainable infrastructure and climate action

Objective 6: Provide more inclusive and sustainable infrastructure services



59. **Public investment has been low, and the gaps in infrastructure are growing, hampering broad-based income growth.** Public investment, including in Pemex, reached an average of only 3.2 percent of GDP between 2008 and 2015.[19] Excluding Pemex, the share would be only 1.7 percent of GDP in 2017. This falls short of rapidly growing Latin American countries and emerging economies that spend above 5 percent of GDP in this area. Since 2008, average private investment in four key sectors—water, roads, energy, and telecommunication—accounted for one-third of total investment in these sectors. Public-private partnerships have grown in importance. Yet, insufficient overall investment has resulted in infrastructure bottlenecks that also hamper private sector growth and social welfare. While transport infrastructure is better in Mexico than in many other countries in LAC, it is aging, and new investment in the sector in Mexico has trailed that in regional peers.[20] Transport, logistics, and facilitation services are relatively weak in supporting exports to markets other than the United States, such as Asian markets,

[19] Infralatam (Economic Infrastructure Investment Data, Latin America and the Caribbean) (database), Economic Commission for Latin America and the Caribbean, the Development Bank of Latin America, and the Inter-American Development Bank, Washington, DC, http://infralatam.info/.
[20] Infrastructure pillar (2017/18), GCI (Global Competitiveness Index) (database), World Economic Forum.

through export corridors to the Pacific Ocean ports. The country continues to experience deficiencies in electricity (particularly in transmission capacity and distribution) and telecommunication, and cities are sprawling without the corresponding extension of infrastructure and service networks. These gaps suggest that an increased role is required for the public and private sectors in infrastructure financing and that the associated institutional framework would need to be enhanced. In urban housing the deficit is large, at about 9.2 million units, and access to affordable housing is still a challenge for about half the population. Housing, schools, and hospitals are highly vulnerable to earthquakes and other natural disasters. Moreover, the damage caused by the 2017 earthquake has not yet been totally remedied. The institutional structure could be strengthened to address this situation. In rural areas, poor links and inadequate institutional coordination between social, water, finance, and agricultural programs are affecting productivity, livelihoods, and the environment.

60. **To support this agenda, the WBG engagement will include the following**:

- The **WBG** will continue to support water supply and sanitation initiatives in line with the government efforts to adapt to the growing risk of water scarcity because of climate change and population growth. Through an ongoing investment operation, the **WBG** will maintain its engagement in Oaxaca, one of the poorest states in the south. Given the vulnerabilities of the Cutzamala water system that serves more than 21 million people and covers an area that produces 20 percent of the GDP of the country, it will support the government in modernizing the water system. The learning and global knowledge exchange opportunities from the engagement with water are significant.

- **IFC** will seek to catalyze investments in the water and waste sectors to increase the reach and quality of services by optimizing access, use, reuse, and final disposal through advisory activities within PPPs, the Sustainable Cities Program, and so on.

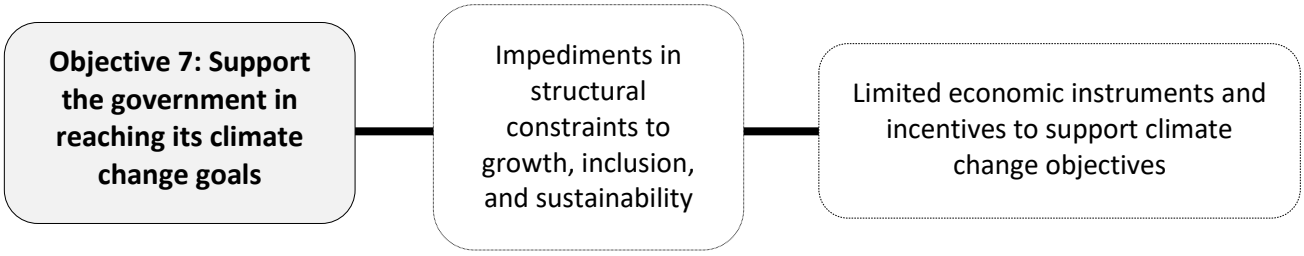
- The **WBG** will aim to leverage assets through the National Infrastructure Fund to reach new capital markets and enhance the WBG's effectiveness at promoting infrastructure development. The **World Bank** could use credit enhancements and **MIGA** could apply political risk guarantees and leveraging instruments, while **IFC** supports PPP structuring for future investments through the fund.

- The **World Bank** would continue to back government efforts to provide greater access to low-cost, resilient housing, while supporting relevant institutions in comprehensive urban planning for equitable access to public services. It would also support efforts to make key social infrastructure more resilient to disasters, using innovative tools and intervention designs that could eventually be replicated in other parts of the world. **IFC** will contribute to the WBG effort in key cities through its Sustainable Cities Program. IFC's support for cities will include helping structure and finance sustainable urban transportation solutions, including attracting investment in new technologies, such as electric mobility.

- In the energy sector, **WBG** support is initially planned through policy dialogue, technical assistance, trust funds, and, potentially, also lending, chiefly with the aim of maintaining the growth of renewable energy. The **World Bank** will continue to pursue an energy efficiency project, whereas **MIGA** will continue its engagement in the *Tierra Mojada* 875-megawatt power plant, and seek to expand its presence in the sector. **IFC** will continue to support the development of competitive private energy markets through a primary focus on renewables and in specific areas where private investment can complement the agenda of the new government, giving due consideration to the policy environment

and focusing on operations and financial structures that can best withstand possible regulatory changes.

Objective 7: Support the government in reaching its climate change goals



61. **As a recognized leader in the global climate agenda, the government has taken important steps along a resilient, low-carbon growth path, yet significant challenges remain.** The government introduced the General Climate Change Law in 2012 to support the transition to a competitive, sustainable, and low-carbon economy, reduce the vulnerability of the population and ecosystems, and assign responsibilities within government. Relevant cross-sectoral instruments include the National Climate Change Strategy, the National Reducing Emissions from Deforestation and Forest Degradation (REDD+) Strategy, the 2015 Law on Energy Transition, and the National Strategy on Biodiversity. The government has also committed to reducing greenhouse gas emissions by up to 22 percent by 2030 through the Nationally Determined Contribution. However, current patterns of urbanization, increasing competition for water resources in agriculture, deforestation, and the significant weight of fossil fuel in the energy matrix highlight the challenges to meeting the Nationally Determined Contribution. Meanwhile, the economic instruments and incentives and the institutional coordination among public sector agencies to support climate change objectives are limited.

62. **To support this agenda, the WBG engagement will include the following**:

- The **World Bank** is pursuing policy dialogue on specific measures to deal with cross-sectoral climate change mitigation and adaptation that can be deepened through ASA and financing instruments. It will also maintain its technical assistance in creating domestic markets for carbon as a pilot platform to be linked more broadly within the country and globally.

- The **WBG** will initiate efforts with the government to ramp up the market for green finance, thereby supporting climate-friendly and resilient investments. **IFC** will mobilize knowledge and investment targeted at financial institutions to develop sound climate finance portfolios in renewable energy, energy efficiency, green buildings, distributed renewable energy generation, and so on.

- The **World Bank** engagement in forestry and agriculture will continue to support the government efforts in climate change mitigation, adaptation, and resilience, with a focus on forest-dependent communities. Mexico's forests represent an important natural asset, but the country faces significant challenges in conserving and sustainably managing these resources, while also meeting a growing demand for timber products. The government's innovative payment for environmental services program has shown highly positive results in curbing deforestation and reducing poverty and can also be an example for other countries. The experience of other countries demonstrates that payment-for-results schemes and other incentives that support climate smart agriculture can have significant impacts on the generation of livelihood opportunities, the reduction of vulnerability, and cutting

greenhouse gas emissions. The **World Bank** will expand its ongoing engagement in rural areas by strengthening community and producer organizations in the management and entrepreneurship of productive landscapes—forest and agriculture—and by supporting overall institutional strengthening in landscape planning and management.

- **IFC** will maintain investment in sustainable forestry activities, the promotion of development in commercial plantations, wood processing companies, and recycled paper companies and support sustainable agriculture and agribusiness investments.

- Mexico is exposed to a wide range of natural hazards. It has been a global leader in disaster risk management and financing and has partnered with the World Bank in innovating in this area, including in the development of financial platforms, such as the Natural Disasters Fund, to reduce the financial risk exposure associated with natural disasters. In partnership with the authorities, the **World Bank** will continue to enable innovation in financial solutions for disaster management and climate resilience, through existing institutions and through financial instruments (such as Cat Bonds, among other), including in the context of multi-country and regional engagements (e.g., Pacific Alliance countries).

3.4. Implementing the CPF

63. **The six-year CPF implementation period (FY2020–FY2025) is aligned with the country's political cycle 2019–24**. A Performance and Learning Review is envisaged midway to evaluate the progress toward CPF objectives and adjust the strategy and program as needed. The CPF builds on existing and pipeline lending and knowledge programs. It represents an opportunity to continue to adapt to government priorities. The WBG knowledge program is expected to contribute to regional and global public goods. The CPF will also include a robust program of analytic and advisory support, and reimbursable advisory services (RAS) will be an important financing modality. The institutions of the WBG will work in close coordination to offer an integrated package of financial, knowledge, and convening services.

64. **This CPF aims for a financing package of up to US$1.5 billion per year, which would imply a gradual fall in exposure by 2025 and thereafter.** Mexico is a Single-Borrower Limit (SBL) country (the current SBL is at US$19.5 billion, with a threshold at US$17 billion, above which there is a surcharge of 50 basis points on regular financial conditions). Actual IBRD lending volumes over the course of the CPF will depend on country demand, composition, overall performance, and global economic and financial developments (affecting IBRD's financial capacity and demand by Mexico and other WBG borrowers).

65. **The new program will seek further avenues to enhance support at the subnational level, particularly in the south and southeast of the country.** Given the constitutional and legislative restrictions for international finance institutions to lend at the subnational level in Mexico, IBRD through the implementation of this CPF will seek to: (i) continue and expand project criteria in federal projects and programs to channel further resources to the poorest states in the south; (ii) support federal policies (through policy based lending) that generate benefits for the whole country, but that particularly can be highly positive for lagging states; (iii) increase the engagement with subnational ASA (funded by Bank budget) in the poorer states; (iv) increase subnational RASs in wealthier states. The IFC will also seek further investment and financing opportunities in the south of the country and will participate in selected ASA bringing a private sector perspective.

66. **The approach to ASA-RAS will also evolve in the context of this CPF**. The strong sophistication and innovative nature of the ASAs in Mexico will continue. Yet there will be consolidation in the number of activities, with more emphasis on core diagnostics and on critical reports that can position the World Bank in the policy area and support the policy dialogue with the authorities in Mexico. Analytical work will be tightly aligned with the objectives/specific topics of the CPF and will better complement and inform our financing engagements. The program will continue to engage in RAS as in the past CPS, but the program aims to focus more closely on relevant topics and support issues tightly linked to the CPF objectives. This will also imply a close coordination and guidance from the Ministry of Finance. At the subnational level, RAS activities will focus on mid-income and wealthier states, and on issues where there are also significant positive externalities of knowledge provided to poorer states.

67. **The WBG will continue to seek coordination and synergies across international finance institutions and bilateral development partners**. Moreover, it will seek financing modalities to crowd in private financing and participation, catalyzing private markets and investment, while responding to client demand.

IV. MANAGING RISKS TO THE CPF PROGRAM

68. **The overall risk rating of the CPF is moderate.** Most areas during the CPF period are deemed to have moderate risks.

Table 2. Summary risk

Risk categories	*Rating*
Political and governance	M
Macroeconomic	M
Sectoral strategies and policies	S
Technical design of projects or programs	M
Institutional capacity for implementation and sustainability	M
Fiduciary	M
Environment and social	M
Stakeholders	M
Other (crime and violence)	S
Overall	M

Note: Summary risks: H = high; S = substantial; M = moderate; L = low.

69. **Mexico continues to face external and domestic risks.** Global trade tensions present downside risks to growth in advanced and emerging economies and foster investment uncertainty that may affect Mexico. This would need to be counter-weighted by less policy uncertainty domestically and enabling policies to work with the private sector. A steeper-than-anticipated deceleration in U.S. growth represents another significant downside risk. The medium term, and particularly 2021, will be challenging. With a negative output gap gradually widening, less fiscal buffers, growing spending pressures (including the need for higher infrastructure investment to support growth), and with the aim to keep the public debt-to-GDP ratio relatively stable, fiscal space will need to come from an already urgent tax reform. A tangible turn-around of Pemex will also be needed to support market credibility, even in the context of transitory higher oil prices. The flexible exchange rate is likely to continue to be the first line of defense as a macroeconomic buffer, while a strong track record of responsible monetary and fiscal policy management leave Mexico in a solid position to mitigate future economic shocks. These issues are deemed as moderate risks in terms of the CPF being able to achieve its objectives, and they

will be monitored continuously, including through policy dialogue with the authorities (Table 2).

70. **Sectoral strategies and policies are considered a substantial risk for the CPF.** The CPF is being put forward at a time of substantial reform in sector strategies and policies in Mexico that will chart new priorities and related institutional change. These reforms affect, for example, the social sectors covering health care, education, and social protection, and infrastructure sectors such as energy. The new CPF is also starting as a needed expenditure rationalization is taking place to meet critical fiscal targets, cutting resources from sectoral budgets. In the context of non-additionality for IFIs' resources, these cuts may have an impact on project implementation. However, it is expected that sectoral finances would recover over the medium term as the administration consolidates its plans and implementation. The CPF, as proposed, offers a mix of ongoing interventions and new or deepened areas of engagement and is currently well-aligned with the Government's new priorities while aiming at strengthening institutional capacity through specific components/engagements in each activity.

71. **There is a substantial risk that an increase in crime and violence could affect project implementation.** The country is experiencing an increase in violent crimes. This presents challenges to work in some regions, and it may not be possible to supervise some projects as frequently as required. The World Bank country office's security strategy mitigates this risk by limiting the exposure of World Bank-financed operations in these areas and adopting the necessary precautions and security arrangements.

Annex 1. CPF Results Matrix

Focus Area A. Supporting more rapid, more inclusive growth		
Growth in Mexico has been insufficient to close the income gap with developed countries. Low growth is also the main culprit behind the moderate progress in poverty reduction. The new government is focused on raising the economic growth rate, but also on making this growth more inclusive for those who have traditionally been excluded from economic progress.		
Objective 1. Foster financial intermediation and inclusion		
The new authorities and the SCD have highlighted the need to increase the limited access to finance. ***Institutional weaknesses limit access to finance and capital among a large share of firms and the population.*** Mexico continues to have one of the lowest credit-to-GDP ratios among peers, with an unbanked population far larger than the country's per capita GDP level would suggest. Only 11 percent of microenterprises and SMEs have access to finance, and only 37 percent of adults have an account at a formal financial institution. There are also large differences between the northwest and the center, south, and east and among population groups. The WBG will support this objective through technical assistance, lending operations, and IFC advice and investments, focusing on (a) supporting financial access reforms, particularly for the benefit of underserved groups and regions, such as the south; (b) boosting SME access to finance through asset-based lending and the development of products to crowd in private financing; and (c) supporting the institutional capacity and coordination mechanisms to oversee the development of the financial technology market.		
CPF objective indicators	**Supplementary progress indicators**	**WBG program**
(1) Additional rural microenterprises and SMEs with access to credit through World Bank interventions (number, cumulative) **Baseline**: 0 (2018) **Target**: 196,893 (2023) - Of which women-headed (percentage) **Baseline**: 86 (2018) **Target**: 90 (2023) - Of which in marginal municipalities (percentage) **Baseline**: 10.2 (2019) **Target**: 15 (2023) (2) Microenterprises and SME loans extended by IFC portfolio clients (number, outstanding) (IFC) **Baseline**: 693,000 (2018)	(a) Additional private financial intermediaries that receive capacity building to be self-sustaining through WBG interventions (number) **Baseline**: 0 (2018) **Target**: 74 (2023) (b) New IFC investments in financial institutions targeting SMEs (number) **Baseline**: 0 (2018) **Target**: 18 (2025)	**Financial Services** <u>Pipeline</u> – IFC investments in banking, microfinance, non-banking financial institutions and financial technology (fintechs) – Financial Access and ID Development Policy Financing (P172863) – Support to *Banco del Bienstar* <u>Ongoing</u> – Financial Access Development Policy Financing (P167674) – Expanding Rural Finance + Additional Financing (P153338/P169156) – IFC: Progresemos (30905/36410/37090/39764/40422/40858/41306); Mifel (29030); CS Mex trust (32407/36395); CAMESA II (40066); Contigo I (38960); Konfio (40491, 41572 & 39749); DCM CRT Santander (39976)

Target: 1,621,615 (2025) - Of which women-headed (number, outstanding) **Baseline**: 663,893 (2018) **Target:** 1,500,000 (2025) - Of which in the south (number) **Baseline**: 123,304 (2018) **Target**: 326,267 (2025) (3) Users and payments through new digital payments (CoDI) electronic payment platform (number) **Baseline**: 0 users, 0 transactions (2018) **Target**: 25 million users, 40 million transactions (2024)	(c) Municipalities with at least one access point (percentage) **Baseline**: 76.4 (2018) **Target**: 85.0 (2024) (d) An improved policy framework by the Banking Commission that entails the Asset Based Lending (ABL) product approval and revised provisioning to take into account the value of movable collateral (yes/no) (IFC-World Bank) **Baseline**: No (2018) **Target**: Yes (2022)	**Knowledge services** <u>Pipeline</u> – ASA Pensions and Capital Market Development (P172249) – Asset based lending (World Bank-IFC) – Women SME financing study (601648) <u>Ongoing</u> – ASA Mexico Financial Inclusion Global Initiative (P167371) – funded by Bill and Melinda Gates Foundation – IFC: Progresemos (603142)
Objective 2. Reduce regulatory and competition barriers to economic growth		
Productivity growth, that is, TFP, has been negative over the last 25 years. The dispersion across firms and states is substantial. This has contributed to the lack of income convergence with developed countries. Productivity is particularly low in firms disconnected from the large exporters that are part of GVC's and in some areas of the country, such as the south, where infrastructure and connectivity to support entrepreneurship are limited. ***Regulatory failures, especially at the local level, contribute to limited competition.*** To accelerate productivity as a main engine of growth and ensure that growth translates into enhanced welfare, the NDP aims to promote formalization and competition and to boost the generation of greater value added in productive sectors. The WBG support for this objective, which would include ASA and financing, will focus on (a) the design and implementation of productivity-enhancing reforms that reduce the barriers to entry and encourage greater formalization; (b) strengthening mechanisms that embed competitive principles in regulation at the subnational level, in collaboration with the National Commission on Regulatory Improvement; (c) accelerating the development of digital infrastructure; (d) establishing storage infrastructure and market price information systems in the southern states to support productivity among small agricultural producers; and (e) investments in agribusiness, with a focus on southern states that integrate smallholders and small and medium farmers into supply and export chains.		

CPF objective indicators	Supplementary progress indicators	WBG program
(1) Subnational entities that changed subnational laws and regulations to introduce pro-competitive regulatory framework in sectors, including transport, telecom, and retail (number) **Baseline**: 0 (2018) **Target**: 15 (2022) (2) Population covered by wireless broadband network through Red Compartida (percentage) (IFC) **Baseline**: 35.6 (2018) **Target**: 92 (2024) - Of which rural population (million) **Baseline**: 5.8 (2018) **Target**: 14 (2025) (3) Beneficiaries using grain storage facilities and accessing grain market information enabled by World Bank interventions in the south and southern states (number) **Baseline**: 0 (2018) **Target**: 12,500 (2022) - Of whom are female (percentage) **Baseline**: 0 (2018) **Target**: 50 (2022)	(a) National policy designed and implemented by the National Commission on Regulatory Improvement (CONAMER) to address subnational anticompetitive regulation (text) **Baseline:** adoption of guidelines (2019) **Target:** under implementation (2022) (b) Additional states covered with Red Compartida (number) (IFC) Baseline: 0 (2018) Target: 17 (2024) (c) Volume of grains stored by World Bank-financed project supported storage facilities (number, tons) **Baseline**: 0 (2018) **Target**: 500,000 (2022)	**Financial services** <u>Pipeline</u> – AF Grain Storage and Information for Agricultural Competitiveness (ALGRANO) (P169339) – IFC investments in collective investment vehicles – Potential policy-based support <u>Ongoing</u> – Grain Storage and Information for Agricultural Competitiveness (P160570) – IFC Telecommunications and Information Technologies: Wavecatcher (Red Compartida) (38474), VMM (40890/33958) – IFC collective investment vehicles: Alta Growth I, II, & III (25352/ 31517/ 40809), Alta Ventures (28086), Capital Indigo (34031), Carlyle Mexico (23860), Ignia Fund I/RI (27669/ 39422), Nexxus Fund III (24712), Artha Fund (32665) **Knowledge services** <u>Pipeline</u> – ASA Understanding Drivers of Productivity to Unleash Growth in Mexico (P170829) – ASA Flagship on Female Labor Participation (P171008) – Technical assistance to the National Commission on Regulatory Improvement (CONAMER) focused on the national governance system for regulations of subnational governments – ASA Identifying Opportunities to Strengthen the Mexican Agri-Food System (P168099) <u>Ongoing</u> – ASA Female Entrepreneurship Impact Evaluation Follow Up (P165672)

Focus Area B. Strengthening institutions for public finance, service delivery, and economic inclusion		
While the government has significantly improved access to social services in recent decades, the quality of these services and the equity of outcomes still vary enormously and hamper the country's overall human capital development and economic growth potential. Importantly, inequality of opportunities also undermines social inclusion. The government has therefore prioritized improvements in service coverage of vulnerable populations as well as the improvement of the quality of services more generally.		
Objective 3. Enhance the management of public resources		
The fiscal system has limited redistributive capacity. While public finance institutions are solid, there are shortcomings in public financial management. The lack of a universal personal identification system leads to inefficient social spending. The intergovernmental fiscal system has a limited effect on equalization. There are shortcomings in the institutional PPP framework. The WBG will support this objective through instruments focusing on (a) broad modernization in public financial management systems, (b) support for the adoption of a single identity system that helps deliver better social assistance and access to finance, and (c) the structuring, implementation, and financing of PPP projects in key sectors.		
CPF objective indicators	**Supplementary progress indicators**	**WBG program**
(1) Population captured by the single identification system (percentage) **Baseline**: 0 (2018) **Target**: 100 (2025) (2) Share of federal budget directly executed through the Integrated Financial Management Information System (percentage) **Baseline**: 75 (2018) **Target**: 88 (2025) (3) Reduction in the time to produce consolidated budget execution information (days) **Baseline**: 30 (2018) **Target**: 7 (2025) (4) Public private partnership (PPP) transactions facilitated by IFC (number) (IFC)	(a) Policies and recommendations for the development and implementation of an identity management system approved (yes/no) **Baseline**: No (2018) **Target:** Yes (2022) (b) Additional state governments that have prepared adequate medium-term fiscal frameworks (number) **Baseline**: 0 (2018) **Target**: 7 (2022) (c) The Ministry of Finance and Public Credit uses information from a common data warehouse primarily fed by the Integrated Financial Management Information System (yes/no) **Baseline**: No (2018) **Target**: Yes (2023)	**Financial services** <u>Pipeline</u> – Modernization of Public Financial Management Systems in Mexico (P169959) – National Digital Identity System Project (P172647) – Financial Access and ID Development Policy Financing (P172863) **Knowledge services** <u>Pipeline</u> – PA Public Finance Review (PFR) (P172310) – ASA Distributional Impact of Fiscal Policy (P171007) – PA Southern States Country Economic Memorandum (P172313) – ASA Trade Policy Engagement (P172419) – RAS with Auditoría – Other policy activities, such as revenues and intergovernmental transfers <u>Ongoing</u> – ASA Improving Transparency and Accountability Mechanisms in the Federal Public Administration (P160357)

Baseline: 0 projects (2018) **Target**: 8 projects (2025)		– ASA Mexico Financial Inclusion Global Initiative (P167371)
Objective 4. Strengthen the institutional capacity to deliver inclusive social services		
The low quality and substantial disparities in education and health care services are key constraints that exacerbate inequality in the country. In early childhood development, the institutional landscape is fragmented, leading to poor and unequal outcomes. These are worsened in the education system because schools lack the tools to oppose these trends, which are generating a rise in high school drop-out rates and contributing to crime and violence. The health care sector is also highly fragmented. It lacks a focus on primary care, leading to significant inefficiency, increasing costs, and a failure to meet the needs of the most vulnerable. WBG support for the equity and quality strategy of the government in human development comprises (a) backing for the development of an equity strategy in education and subsequent implementation, with a focus on strengthening early childhood development services, which is expected to help increase human capital in vulnerable regions; (b) technical assistance for the implementation of integrated health networks in several states so as to generate evidence for taking a more efficient and equitable institutional model to scale; and (c) analysis of the causes and consequences of violence in Mexico. This support will be augmented through IFC investments in educational technology and in leveraging the health care capacity of the private sector.		
CPF objective indicators	**Supplementary progress indicators**	**WBG program**
(1) States that adopt the revised national early childhood development strategy's governance model for better coordination across sectors and governmental levels (percentage) **Baseline**: 15 (2018) **Target**: 100 (2025) (2) States in the south that have piloted new integrated health networks (percentage) **Baseline**: 0 (2018) **Target**: 50 (2025) (3) Additional low-income patients benefiting from the healthcare services of IFC clients (number) (IFC) **Baseline**: 0 (2018) **Target**: 39,600 (2022)	(a) Multisector early childhood development strategy approved by the authorities (yes/no) **Baseline**: No (2018) **Target**: Yes (2022)	**Financial services** <u>Pipeline</u> – IFC investments in hospitals, clinics and education services Ongoing – IFC Education: UAG (30445) **Knowledge services** <u>Pipeline</u> – ASA Enhancing the Equity Agenda in Education (P171749) – ASA Support Primary Health Care in Mexico (P171718) – ASA Crime and Violence – IFC advisory services in education, including PPPs <u>Ongoing</u> – IFC Health care: Clínicas de Azúcar (40669), Sala Uno (33770)

Objective 5. Strengthen the capacity of the social protection system for economic inclusion		
Social protection is at the heart of the new government's agenda, with an explicit focus on addressing historical coverage gaps. To this end, the government is making significant investments through the establishment of new programs. ***Support to address significant institutional fragmentation is still needed. Strengthening the institutional capacity to support labor market inclusion, would help improve employability among the vulnerable. In particular, promoting the labor inclusion of women will require a comprehensive approach based on addressing the myriad institutional challenges that limit women's participation in the labor market.*** WBG support under the CPF includes: (i) technical assistance and core diagnostics to strengthen the institutional capacity for more effective and integrated social protection systems at both national and state levels, and (ii) generation of robust evidence on what works in labor inclusion of vulnerable youth and on the main bottlenecks for female labor force participation, to inform policies and promote improved economic inclusion of youth and women; (iii) strengthening institutional capacity of the government to support labor market insertion, through improvements in the functioning of the local offices of the National Employment Service.		
CPF objective indicators	**Supplementary progress indicators**	**WBG program**
(1) Integrated Social Protection Centers established (number) **Baseline**: 0 (2018) **Target**: 600 (2021) - Of which in municipalities with high indigenous population (percentage) **Baseline**: 0 (2018) **Target**: 50 (2021) (2) Number of states where the National Employment Service has implemented modern processes to promote economic inclusion (number) **Baseline**: 0 (2018) **Target**: 32 (2024)	(a) Impact evaluation produced and disseminated on a multisectoral pilot intervention supporting youth school-to-work transitions (text) **Baseline**: no impact evaluation (2018) **Target**: impact evaluation produced and disseminated (2021) (b) People receiving employment services from the offices of the National Employment Service that are piloting modern processes to promote economic inclusion (number) **Baseline**: 0 (2018) **Target**: 30,000 (2025) - Of which female (percentage) **Baseline**: 0 (2018) **Target**: 50 (2025) (c) Assessment of the capacity of Oaxaca's social protection system to respond to natural disasters completed and specific	**Financial services** <u>Ongoing</u> – Social Protection Project + Additional Financing (P147212) **Knowledge services** <u>Pipeline</u> – ASA Distributional Impact of Fiscal Policy (P171007) – ASA Flagship on Female Labor Participation (P171008) – ASA Analysis of Labor Demand (P171858) – ASA Pension Engagement (P172600) <u>Ongoing</u> – PA Mexico Social Protection and Labor Engagement (P163477) – ASA Mexico Youth Labor Market Inclusion (P163362) – ASA Strengthening Mexico's Social Protection System for Disaster Preparedness and Response (P166717) – IFC Employability Assessment in Chiapas (601920)

	improvements implemented (yes/no) **Baseline**: No (2018) **Target**: Yes (2022)	

Focus Area C. Enabling sustainable infrastructure and climate action

The sustainable management of natural capital and the judicious development of urban areas are critical determinants of the livelihoods of the poor. If the government and other stakeholders are to generate opportunities for sustainable growth and inclusion, they must provide more inclusive and sustainable infrastructure services and use natural resources. These measures will also help the government achieve its climate change goals.

Objective 6. Provide more inclusive and sustainable infrastructure services

The public investment in infrastructure is deficient. Gaps in infrastructure are widening, and, in infrastructure, Mexico trails rapidly growing Latin American countries and emerging economies. The country faces significant infrastructure challenges in water security and access, the efficient use of energy and renewables in the energy matrix, unmet transport needs to enhance urban mobility or the links to external markets, housing shortages, and the insufficient resilience of most infrastructure to climate change and natural disasters. Given the limited fiscal space, private sector participation will be critical. ***Against the background of limited public and public-private platforms for financing critical public infrastructure***, the NDP stresses the need for optimizing the use of public finances, better urban planning, disaster risk management, improved water supply and resilience, better transport infrastructure, and the modernization of energy infrastructure. Furthermore, there is a need to create better institutional links between social, water, finance, and agricultural programs in rural areas. The WBG will support this objective through instruments focusing on (a) private finance mobilization for infrastructure (initially, in transport), (b) improved access to affordable and resilient housing, (c) the provision of sustainable, improved, and resilient water services; and (d) enhancing the energy efficiency of public infrastructure.

CPF objective indicators	Supplementary progress indicators	WBG program
(1) Additional private finance mobilization for infrastructure supported by WBG activities (US$ volume) (World Bank, IFC, and MIGA) (cumulative) **Baseline**: 0 (2018) **Target**: 5 billion (2025) (2) People in selected urban areas with improved water supply reliability or water service quality supported by World Bank-financed projects (number) **Baseline**: 0 (2018) **Target**: 5,950,000 (2025) - Of whom in the south (number)	(a) Establishment of a fund to leverage the National Infrastructure Fund (FONADIN) assets (yes/no) **Baseline**: No (2018) **Target**: Yes (2022)	**Financial services** <u>Pipeline</u> – National Infrastructure Fund (FONADIN) 2.0 - A Vehicle to Boost Infrastructure Finance in Mexico (P171904) – Water Security and Resilience of the Valley of Mexico (P164389) – IFC investments in power, transport, and logistics <u>Ongoing</u> – Improving Access to Affordable Housing (P157932) – Oaxaca WSS Sector Modernization (P145578) – Energy Efficiency in Public Facilities Project (PRESEMEH) + Additional Financing and GEF (P149872)

Baseline: 0 (2018) **Target**: 650,000 (2025) - Of whom are female (percentage) **Baseline**: 0 (2019) **Target**: 52 (2025) (3) Projected additional lifetime energy savings due to energy efficiency projects in public facilities (GWh) (cumulative) **Baseline**: 0 (2018) **Target:** 1,029 (2025) (4) Total power generated (gigawatt hour, GWh per annum) (MIGA) **Baseline**: 0 (2018) **Target**: 5,190 (2025) (5) Additional low-income families with resilient and affordable housing supported by WBG activities (number, cumulative) (World Bank-IFC) **Baseline**: 0 (2018) **Target**: 11,490 (2021) - Of which woman-headed low-income families (WB interventions only) (percentage) **Baseline**: 48 (2018) **Target**: 50 (2021)	(b) Additional street light, water and wastewater, municipal building, and public facility energy efficiency interventions supported by World Bank interventions (number) **Baseline**: 0 (2018) **Target**: 25 (2021) (c) Resilient and affordable housing community dissemination campaigns targeting indigenous populations designed and implemented (yes/no) **Baseline**: No (2018) **Target**: Yes (2021)	– IFC Housing / Construction / Real Estate: Vinte (38374), Solida RE (29524) – MIGA Tierra Mojada Power Plant (13880) **Knowledge services** <u>Pipeline</u> – ASA Resilient Housing in Mexico / Safe Schools (P171759) – ASA Strengthening Water Security in Mexico (P172159) – ASA Energy Engagement – ASA Transport Engagement – IFC advisory services in water, waste, and transport <u>Ongoing</u> – ASA Opportunities for Geothermal Development in Mexico (P167058) – IFC: LC Water (604179)

Objective 7. Support the government in reaching its climate change goals		
Mexico is the world's 12th largest emitter of greenhouse gases and is rated 8th among countries most at risk to the impacts of climate change. The government has committed internationally, and reconfirmed in the NDP, to reducing greenhouse gas emissions by up to 22 percent by 2030 through the Nationally Determined Contribution. However, current urbanization patterns, increasing competition for land and water resources in agriculture, deforestation, and the significant weight of fossil fuels in the energy matrix highlight the challenges in meeting the Nationally Determined Contribution. ***The limited economic instruments and incentives are hampering progress***. WBG support will include the following: (a) deepening the policy dialogue on climate change mitigation and adapting measures across sectors; (b) investments to contribute to a greener financial sector and promoting the creation of technical capacities for the adoption of green building standards; (c) investments in renewable and energy efficiency interventions; (d) deepening the partnership on the government's efforts in climate change mitigation, adaptation, and resilience, with a special focus on agriculture, territorial development, and forest-dependent communities; and (e) continuing to innovate in the development of platforms to reduce the financial risk associated with natural disasters, while exploring opportunities to broaden the adoption of risk financing and insurance instruments, including multi-country and regional engagements.		
CPF objective indicators	**Supplementary progress indicators**	**WBG program**
(1) Greenhouse gas emissions avoided or reduced through WBG project interventions (renewable and energy efficiency, sustainable forests and landscapes management) (tCO_2) (World Bank-IFC) **Baseline**: 0 (2018) **Target**: 9,800,000 (2025) (2) Additional area under sustainable landscape management practices supported by WBG projects (hectares) (WB-IFC) **Baseline**: 0 (2018) **Target**: 400,000 (2023) (3) Additional beneficiaries implementing sustainable management schemes in rural areas (number) **Baseline**: 0 (2018) **Target**: 336,000 (2023)	(a) Policy instruments aligned (SEMARNAT, SAGARPA, SADER, CONAFOR) to support priority local investments in priority regions (number) **Baseline**: 0 (2018) **Target**: 7 (2023) (b) Instruments to meet the Nationally Determined Contributions targets developed and implemented (number) **Baseline**: 0 (2018) **Target**: 4 (2025) (c) Additional interinstitutional coordination mechanisms in place to improve landscape level governance Baseline: 0 (2018) Target: 8 (2023)	**Financial services** <u>Pipeline</u> – REDD+ Emission Reductions Program (P162749) – Development of Carbon Capture, Utilization, and Storage (P161311) – Climate Change Policy Engagement – IFC investments in clean energy, climate-smart cities, climate-smart agribusiness, green buildings and green finance <u>Ongoing</u> – Strengthening Entrepreneurship in Productive Forest Landscapes (P164661) – Energy Efficiency in Public Facilities Project (PRESEMEH) + Additional Financing and GEF (P149872) – GEF Sustainable Energy Technologies (P145618) – GEF Sustainable Productive Landscapes Project (P159835) – Dedicated Grant Mechanism for IP and LC (P151604) – IFC Agriculture and Forestry: Bioparques (29734/ 37826), Proteak (31195/ 38754)

- Of which (number) Women **Baseline**: 0 (2018) **Target**: 67,200 (2023) Indigenous Peoples **Baseline**: 0 (2018) **Target**: 110,900 (2023) (4) Power generated from renewable energy sources supported by WBG projects (wind, solar) (GWh) **Baseline**: 0 (2018) **Target**: 1,510 GWh (2025)	(d) IFC climate finance supported transactions to banking and non-banking financial institutions (number) **Baseline**: 0 (2018) **Target**: 6 (2025)	– IFC Electric Power: Solem (40372/40373/40374/40375), Potrero Solar (41297) – IFC Energy consumption reduction: CIE Auto (40252) – IFC Climate Finance: FHIPO (39740/42012) **Knowledge services** <u>Pipeline</u> – ASA Implementation of pathways toward climate change goals (P171917) <u>Ongoing</u> – PA Capacity Building for Carbon Capture, Utilization and Storage in Mexico (*wTF0A5156*) (P161360) – ASA Market Instruments for Climate Change Mitigation in Mexico (P164508)

Annex 2. Completion and Learning Report

Document of
The World Bank

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE CORPORATION

AND

MULTILATERAL INVESTMENT GUARANTEE AGENCY

COMPLETION AND LEARNING REVIEW
OF THE COUNTRY PARTNERSHIP STRATEGY
FOR

THE UNITED MEXICAN STATES
FOR THE PERIOD FY2014-FY2019

November 19, 2019

Mexico Country Management Unit
Latin America and the Caribbean Region

The International Finance Corporation
Latin America and the Caribbean Region

The Multilateral Investment Guarantee Agency

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FISCAL YEAR

January 1 – December 31

CURRENCY EQUIVALENTS

(Exchange Rate Effective November 19, 2019)

Currency Unit =	US Dollar
MXN 19.22 =	USD 1.00
US$ 0.05 =	MXN 1.00

ABBREVIATIONS AND ACRONYMS

ASA	Advisory Services and Analytics
CLR	Completion and Learning Review
CPF	Country Partnership Framework
CPS	Country Partnership Strategy
FY	Fiscal Year
GEF	Global Environment Facility
GHG	Greenhouse Gas
IBRD	International Bank for Reconstruction and Development
ICR	Implementation Completion and Results Report
IFC	International Finance Corporation
ISR	Implementation Status and Results Report
MIGA	Multilateral Investment Guarantee Agency
PLR	Performance and Learning Review
RAS	Reimbursable Advisory Services
SEZ	Special Economic Zones
SME	Small and medium-sized enterprise
tCO2e	Tons of carbon dioxide equivalent
WBG	World Bank Group

	IBRD	**IFC**	**MIGA**
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Director:	Pablo Saavedra	Gabriel Goldschmidt	Merli Margaret Baroudi
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UNITED MEXICAN STATES
Completion and Learning Review of the
Country Partnership Strategy (FY14-19)

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I. INTRODUCTION

1. **This Completion and Learning Review (CLR) assesses the implementation and achievements of the FY14-19 World Bank Group (WBG) Country Partnership Strategy (CPS) for Mexico.** The strategy was discussed by the Board of Executive Directors on December 12, 2013 (Report 80800-MX) and updated through the Performance and Learning Review (PLR) of January 26, 2017 (Report 104752-MX). This review (a) assesses the extent to which the CPS was successful in achieving the stated objectives as measured by the Results Framework, (b) evaluates the CPS design and program implementation, and (c) describes lessons learned that will inform the design of the new FY20-25 WBG Country Partnership Framework for Mexico. This review also discusses how well the CPS was aligned with the WBG's twin goals of reducing poverty and promoting shared prosperity in a sustainable manner, though the CPS was finalized before an explicit link between the program and the achievement of the twin goals was mandated. The review benefits from the findings of the Independent Evaluation Group's Country Program Evaluation spanning 2008–17.

2. **The overall progress toward achieving the CPS objectives is rated satisfactory**. The CPS supported the government's development agenda expressed in Mexico's National Development Plan for 2013–18. All of the seven CPS objectives, as revised and updated in the PLR, were at least "mostly achieved" and even surpassed expectations in some areas. The WBG supported efforts to confront the country's development challenges through a flexible engagement that built on a long-standing client relationship. The International Finance Corporation (IFC) developed a framework for effective private sector participation with a focus on infrastructure, access to finance, and productivity of the industrial sector. The Multilateral Investment Guarantee Agency (MIGA) successfully contributed to the CPS through the issuance of its first political risk guarantee in Mexico in support of the energy sector.

3. **The WBG performance in implementing and designing the CPS is rated good**. The design corresponded well with the government's development objectives and included a systematic effort at selectivity to foster the highest possible impact of WBG activities on the twin goals, WBG comparative advantage, and client demand. The areas proposed for WBG engagement involved the integration of financial, knowledge, and convening services in a tailored package of development solutions by WBG institutions. The CPS also incorporated lessons learned in implementing the FY08-13 CPS program, identified risks, and built in measures to mitigate the risks. The PLR introduced timely midcourse adjustments in the strategy. Overall, implementation was effective, and, in several areas, the program exceeded expectations based on the original CPS, for example, in financial inclusion. Close collaboration between the World Bank and the government helped improve portfolio performance. Disbursement ratios were above the ratios of the Latin America and the Caribbean region and the overall World Bank ratio. The Advisory Services and Analytics Program was strategically aligned to support the country's needs and the implementation of the CPS. The demand for Reimbursable Advisory Services (RASs) and convening services increased during the CPS period. IFC investments were also closely aligned with the needs of the government of Mexico and the WBG twin goals, while balancing the development impact and the demonstration effect in each transaction.

II. PROGRESS TOWARD CPS DEVELOPMENT OUTCOMES

4. **The government's macroeconomic management was solid throughout the CPS period, although economic growth and productivity remained below the country's potential.** In an effort to boost productivity, the government administration that took office in December 2012 launched an

ambitious reform program. The government had maintained financial sector resilience and macroeconomic stability following the 2008–09 global financial crisis. Stagnant productivity and insufficient inclusiveness, however, were critical causes of persistent poverty, inequality, and regional disparities. To address these challenges, the government launched a comprehensive structural reform agenda aimed at raising productivity, competitiveness, and potential output growth. The agenda covered fiscal issues, energy, education, telecommunication, the financial sector, and other areas. The reforms were all implemented within the framework of the comprehensive National Development Plan 2013–18, which focused on five national pillars: (a) achieve peace, (b) make Mexico more inclusive, (c) improve the quality of the education system, (d) promote prosperity, and (e) consolidate Mexico as a responsible international player. The National Development Plan also adopted three cross-cutting strategies: (a) to democratize productivity to integrate Mexicans into the formal economy, (b) to modernize government by simplifying regulations and procedures, and (c) to incorporate a gender perspective.

5. **With a focus on selective interventions based on client demand, WBG's comparative advantage, and alignment with the WBG's twin goals, the CPS was fully aligned with the government's development goals.** Based on the National Development Plan's 37 strategic development areas and its five national pillars, the FY14-19 CPS identified four key areas of engagement: (a) unleashing productivity, (b) increasing social prosperity, (c) strengthening public finances and government efficiency, and (d) promoting green and inclusive growth. By the time the PLR was prepared in FY17, the CPS remained relevant and fully aligned with both the government's development plan and the WBG's twin goals. Given the CPS's flexible design, adjustments to the WBG engagement were introduced at the time of the PLR to reflect changes in government demand and to deepen or rationalize the WBG support in select areas. The PLR simplified the original structure of the CPS and adjusted the results framework to improve attribution and measurement. This review uses the updated results framework, as adjusted in the PLR, to assess the CPS program.

6. **The overall CPS development outcome is rated satisfactory.** Of the seven CPS objectives, four were achieved and three were mostly achieved (Table 1 and Annexes A and B). In cases where the objectives were not fully achieved yet by the end of the strategy implementation period, it was due to implementation delays or changes in IBRD/IFC projects considered in the pipeline.

Table 3. Development Outcome Ratings, by Pillar and Objective

Pillars and objectives	*Rating*
Development Outcome	**Satisfactory**
Pillar 1. Unleashing Productivity	*Satisfactory*
Objective 1. Improved financial inclusion for productive purposes. Objective 2. Improved investment climate in target states and select infrastructure development for productive purposes.	Achieved Mostly achieved
Pillar 2. Increasing Social Prosperity	*Satisfactory*
Objective 3. Improved access and quality in target education programs. Objective 4. Improved access to and integration of the social protection system.	Mostly achieved Achieved
Pillar 3. Strengthening Public Finances and Government Efficiency	*Satisfactory*
Objective 5. Improved fiscal management capacity and increased adoption of modern public financial or information management mechanisms in selected states.	Achieved
Pillar 4. Promoting Green and Inclusive Growth	*Satisfactory*
Objective 6. Improved capacity for low-carbon urban development. Objective 7. Improved sustainable management of key natural resources (that is, forests, biodiverse areas, water, and combined renewable energy).	Mostly achieved Achieved

Pillar 1. Unleashing Productivity

7. Pillar 1, Unleashing Productivity, supported objectives to (a) improve financial inclusion and (b) improve the investment climate in target states and select infrastructure development for productive purposes. Four of eight outcome indicators were fully achieved; three were mostly achieved; and one was not achieved. The World Bank helped many poor in rural areas receive secure financial access for productive purposes and IFC support to microfinance institutions reached large numbers of clients, especially women. The World Bank provided substantial support to help improve Mexico's investment climate, especially at the subnational level, and IFC supported the opening of under-developed local markets to private sector participation. Outcome indicators rated not achieved and mostly achieved were affected by two exits in the IFC microfinance portfolio, as well as operational delays and negative market conditions affecting two IFC port infrastructure projects. Overall the results of this pillar are rated **satisfactory**.

Objective 1. Improved financial inclusion for productive purposes [Achieved]

8. **Both IBRD and IFC successfully supported financial inclusion for productive purposes and financial sector development.** Through the Rural Savings and Credit Sector Consolidation Project, the World Bank assisted the country in adding 3.5 million new clients in the formal financial sector and one million new members in rural areas, among which almost 59 percent were women. Through programmatic advisory services, the World Bank supported the implementation of key aspects of the 2014 financial sector reform, in particular on how development banks could support access to finance. Well received by the government, this technical assistance led to deepened support in this area through the US$800 million Expanding Rural Finance Project. Three years into implementation, it has already provided 149,389 credits to 118,107 underserved rural microenterprises and small and medium enterprises (SMEs) mainly located in the southern states with the highest levels of poverty in Mexico. Among credit recipients, 86 percent are women, and 10 percent live in communities classified as marginalized or highly marginalized by the National Council for Population (*Consejo Nacional de Población*), while 10 percent are first-time borrowers at formal financial institutions.

9. IFC supported the development of *Compartamos*, Mexico's leading microfinance institution, and invested in *Camesa*, *Contigo*, and *Progresemos*, which provided financial services to 745,000 microenterprises and reached underserved frontier regions. IFC also engaged in expanding SME financing through second-tier banks, such as *Banco del Bajío* and *Banca Mifel*. The WBG supported the government's efforts to increase lending to SMEs through asset-based lending, in this case, revolving lines of credit secured with the movable assets employed in the production and commercial cycles of SMEs. A joint IFC and World Bank team, in collaboration with the government of Japan, Mexico's Movable Collateral Registry, the Bank of Mexico, the Secretariat of Finance and Public Credit (*Secretaría de Hacienda y Crédito Público*), and the National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*), conducted a feasibility study to assess Mexico's legal, regulatory, and institutional readiness for the introduction of asset-based lending and developed a methodology for selecting banks in a pilot project to implement asset-based lending for SME financing.

10. **IFC provided sophisticated solutions to support the financial sector.** In terms of capital market development, IFC supported the first long-term corporate debt issuances of *Camesa* through the provision of partial credit guarantees, opening opportunities for a wider investor base (including institutional and retail investors), and securing medium- and long-term funding. It also performed three

operations through the Distressed Asset Recovery Program to support the capital optimization of financial institutions, allowing households to normalize their financial obligations, preventing household asset losses, and allowing the reentry of households to the formal banking system and credit access. Structured financial instruments were also supported by IFC, such as Credit Suisse certificates of capital development that are focused on senior and mezzanine debt to SMEs; Altum, a debt fund focused on supporting nonbank financial institutions in lending to microenterprises and SMEs; and Vector Mezzanine, a fund providing mezzanine loans to medium sized companies. IFC also entered a capital relief transaction with Santander Bank to allocate capital to expand SME lending in Mexico.

11. **IFC addressed gaps in financial services through technology expansion by investing in** (a) Konfio, an online microenterprise and SME lending platform that developed an algorithm to underwrite unsecured working capital loans in a fraction of the time and cost of traditional lenders; and (b) E-Factor Network, a financial technology company specialized in factoring and working capital that connects large buyers, suppliers, and financial institutions in realizing electronic discounts in real time.

Objective 2. Improved investment climate in target states and select infrastructure development for productive purposes [Mostly achieved]

12. **The World Bank provided substantial support to help improve Mexico's investment climate, especially at the subnational level, including in the poorest states**. The structural reforms of 2013 gave a new impulse to competition policy in Mexico. Beginning in 2014, the World Bank assisted the National Commission on Regulatory Improvement (*Comisión Nacional de Mejora Regulatoria*), as well as state and municipal governments in identifying regulatory barriers to competition. It contributed directly to the implementation and adoption of several reforms to improve competition in target states. For example, the Subnational Markets and Competition Policy Assessment Tool was piloted successfully by the World Bank in the states of Mexico, Oaxaca, and Tabasco and had a notable impact through nationwide replication by the government. Following successful implementation, the government enacted a decree that incorporates the tool in the national strategy on regulatory improvement. Indeed, under a presidential initiative launched in 2016, all 32 states were required to conduct an assessment to identify and eliminate subnational regulatory restrictions to competition in key sectors. In addition, the World Bank supported the implementation of oral judicial proceedings, which had a significant impact by speeding up and reducing the costs of contract enforcement.

13. **The WBG successfully provided policy advice for the government's project of developing special economic zones (SEZs) in the poorest states**. Inputs for the legal, regulatory, and institutional framework of the government's SEZ initiative were provided by the WBG through RAS. The SEZ laws and regulations, as well as other SEZ policies to attract investment and improve the local business environment, such as the development of a one-stop shop, incorporated WBG's advice in line with international best practice.

14. **The WBG supported the competitiveness and efficiency of SMEs in information technology and agribusiness**. Through the World Bank Information Technology Development Project, more than 700 SMEs increased their technical capacity, received certifications of quality standards, and were able to access new markets. With World Bank technical support, the government improved the efficiency of the National Institute of the Entrepreneur (*Instituto Nacional del Emprendedor*) by reducing SME programs by about 30 percent to avoid duplication and adopted a monitoring system to assess the

impact of its programs across states and sectors. Complementing these interventions, IFC clients reached more than 11,000 farmers through financial services or by integrating smallholder farmers into agribusiness value chains in frontier regions (such as Chiapas) well above the CPS target. IFC interventions in agribusiness also helped create jobs and maintain and improve job quality. For example, Bioparques (a tomato producer) streamlined and improved its environmental, social, and labor practices. As a result, its 3,970 employees, including more than 3,000 seasonal workers from frontier regions, enjoyed enhanced working conditions and benefits such as free housing, medical care, and schooling for their families.

15. **IFC successfully supported the opening of under-developed local markets to private sector participation.** The government chose the IFC Asset Management Company to manage the newly established China-Mexico Fund, established as a US$1.2 billion fund in December 2014, and consistent with IFC's role in mobilizing capital to support private sector growth in middle-income countries. The purpose of the fund is to attract commercial risk capital to support Mexico's reform agenda by crowding in equity investors in infrastructure, energy, manufacturing, agribusiness, services, and banking.

16. **Under the CPS, IFC invested and mobilized US$1.2 billion in four new projects to support Mexico's structural reforms**: (a) Citla Energy, an equity investment, along with the China-Mexico Fund, in a new oil and gas exploration and production platform; (b) Solem I and II, the largest solar photovoltaic generation plant in the region, for an installed capacity of 348 megawatts; (c) Potrero Solar, a 270 megawatt solar photovoltaic renewable energy powerplant in the State of Jalisco; and (d) an equity investment, along with the China-Mexico Fund, to *Altán Redes*, a company awarded with the contract to build and operate the national shared wholesale network (*Red Compartida*). *Altán Redes* has committed to cover at least 92.2 percent of the Mexican population by 2024 with a state-of-the-art wireless broadband network. As of December 2018, *Red Compartida* covered 35.6 percent of the total population, above the 30 percent set target.

Box 5. Maximizing Finance for Development

Red Compartida is a mix of public sector reform supported by the World Bank and private sector mobilization by IFC. The World Bank provided technical advice to the telecommunication regulator on sectoral competition policies for the *Red Compartida* program to ensure fair market access. In particular, the World Bank advised on the design of the tender rules to strike a balance between avoiding higher market concentration and offering sufficient incentives to the private sector to encourage bidding. Following the World Bank's upstream advisory work with the government on the economic, regulatory, competition, and legal approaches in the deployment of *Red Compartida*, IFC made an equity investment, along with the China-Mexico Fund, to *Altán Redes*, the company awarded with the contract to build and operate the network.

17. **IFC investments in new port container terminals promoted increased competition in the ports of Mexico.** IFC investments in the ports of Lázaro Cardenas, Manzanillo, and Tuxpan contributed to the expansion of the capacity of Mexico's port container terminals, although volume targets set in the CPS were not achieved (see Annex B for more details). IFC's investments in ports also helped improve the efficiency and operation of key ports by supporting the country's positioning in the global economy.

Pillar 2. Increasing Social Prosperity

18. Pillar 2, Increasing Social Prosperity, supported objectives to (a) improve access and quality in targeted education programs and (b) improve access to and integration in the social protection system. Of seven outcome indicators, five were achieved; one was mostly achieved; and one was achieved and is substantiated with additional evidence. The World Bank supported reforms to enhance access and quality of education services to the poor and to improve learning outcomes, as well as to link the country's social protection system more closely with productive programs. Overall results for this pillar are therefore **satisfactory**.

Objective 3. Improved access and quality in target education programs [Mostly achieved]

19. **The World Bank supported the government's efforts to improve the access and quality of targeted education programs, from early childhood development to upper-secondary education**. With the World Bank's financial assistance, the government expanded the Early Childhood Development Program to marginalized communities. Building on the earlier CPS engagement, the Compensatory Education Project extended school-based management programs to schools administered by the National Council for Education Development (*Consejo Nacional de Fomento Educativo*). It also supported a new approach involving mobile pedagogical tutors (*asesores pedagógicos independientes*). The follow-up Reducing Inequality of Education Opportunity Project supported the redesign and scale-up of these interventions. As a result, the transition rate from primary to secondary education in the schools administered by the National Council for Education Development in selected municipalities of the National Crusade against Hunger (*Cruzada Nacional Contra el Hambre*) reached the 70 percent target.[21] The impact evaluation of the council's Early Childhood Development Program also shows significant though small effects on infant cognitive abilities and motor skills.[22]

20. In basic education, the World Bank helped strengthened school autonomy through the Full-Time Schools and the Education Reform programs supported by the School-Based Management Project. As a result, school directors significantly improved their managerial capacity, and parental participation increased because of the greater involvement of parents in school improvement plans and in student learning and development. The project also contributed to lowering drop-out rates among participating primary and secondary schools. In primary schools, the drop-out rate fell from 3.18 percent in school year 2014-15 to 2.56 percent in 2017-18, exceeding the 2.91 percent target. In secondary schools, the drop-out rate declined considerably, from 5.31 percent in 2014-15 to 2.12 percent in 2017-18, greatly exceeding the 4.80 percent target. Although the gross failure rate increased slightly, from 1.10 percent to 1.44 percent in school year 2017-18, the World Bank evaluated the impact of both programs and found that they improved student learning outcomes, especially in marginalized schools.[23] The World Bank's technical assistance also informed the design of a new strategy to address

[21] The National Crusade against Hunger reaches Mexico's poorest and most marginalized municipalities to bring together interventions to cover food poverty and the lack of basic social needs, including education.

[22] Agostinelli, Francesco, Ciro Avitabile, Matteo Bobba, and Alonso Sanchez, 2018, "The Short-Term Effects of the Mobile Pedagogical Tutors: Evidence from a Randomized Control Trial in Rural Mexico," World Bank, Washington, DC.

[23] De Hoyos, Rafael, Marcela Silveyra, and Mónica Yañez, 2017, "La Escuela al Centro. Impacto del Programa a un Año de Implementación" World Bank, Washington, DC. World Bank, unpublished note.

drop-out rates and the implementation of the upper-secondary education reform by the Secretariat of Public Education (*Secretaría de Educación Pública*).[24]

21. **IFC investments helped expand educational offerings**, which include: (a) tertiary educational services, such as through UNICO, a community college of *Universidad Autónoma de Guadalajara*, and (b) high-quality English language classes in second-tier cities. IFC also supported the education sector through investments in Finae and Finem, two lending institutions providing credit to university students, as well as in expanding the supply of educational materials and financing to public sector teachers through Edilar. Under the CPS, enrollment in educational institutions supported by IFC grew from 52,000 to 92,000 students, 50 percent of whom were women.

Objective 4. Improved access to and integration of the social protection system [Achieved]

22. **The World Bank supported the redesign of Mexico's conditional cash transfer program to link the country's social protection system more closely with productive programs**. Over the last decade, the World Bank supported the government in promoting social inclusion through a package of financial, knowledge, and convening services. Scaling up its support during the CPS, it provided assistance in the redesign of the national conditional cash transfer program, PROSPERA (formerly Oportunidades). It contributed specifically to linking the poor to a broader set of programs that could support their income generation capacity and to targeting the supply of social programs to areas and beneficiaries with the greatest need. Through the Social Protection System Project, the World Bank supported the government's efforts to increase access of PROSPERA beneficiaries to complementary social and productive programs. Almost 1.8 million beneficiaries (63 percent of whom were women) were participating in complementary social programs as of end 2018, and 318,217 beneficiaries had joined productive inclusion programs (54 percent of whom were women) as of end 2017. These were both above the CPS targets.

23. The World Bank also played an important role in the design, development, and implementation of an integrated social information system, including seven instruments that were developed by the Secretariat of Social Development (*Secretaría de Desarrollo Social*) with the aim of improving the administrative and allocative efficiency of social policy in the country. Moreover, it helped facilitate knowledge exchanges that allowed other governments to learn from the country's best practice on conditional cash transfers (see Annex D). Meanwhile, IFC contributed to improving the outreach of private health service providers at hospitals, thereby increasing the number of low-income patients treated from 226,000 in 2012 to almost 320,000 in 2017, of which over 200,000 were associated with a greenfield hospital investment in Guadalajara (*Controladora de Servicios Médicos*). Another notable IFC-supported initiative under the CPS was *Sala Uno*, a cost-efficient, high-quality program specialized in inclusive eyecare.

Pillar 3. Strengthening Public Finances and Government Efficiency

24. Pillar 3, Strengthening Public Finances and Government Efficiency, supported the objective of improving fiscal management capacity and increasing the adoption of modern financial or information management mechanisms in selected states. Of three outcome indicators, two were achieved and one

[24] Avitabile, Ciro, Janina Cuevas, Rafael E. de Hoyos Navarro, and Julian C. Jamison, Forthcoming, "Empowering At-Risk Youth through PODER," World Bank, Washington, DC.

is on track to be fully achieved by end 2019. The World Bank contributed in many public finance areas, from fiscal responsibility legislation, public expenditure management, enhancing risk management, and institutional strengthening at the subnational level. Overall, results for this pillar are rated **satisfactory**.

Objective 5. Improved fiscal management capacity and increased adoption of modern public financial or information management mechanisms in selected states [Achieved]

25. **The World Bank supported the government's medium-term structural reform in public finance, notably, subnational debt management, including legislation on fiscal responsibility.** The World Bank's Public Expenditure Review provided valuable inputs for the government's 2016 budget preparation and deepened the policy dialogue in many areas, such as subnational borrowing regulations. One example is the enactment of the Fiscal Discipline Law for Subnational Entities in 2016 and the related bylaws in 2017. World Bank technical assistance informed the legislation and implementation in select states. As a result, all 32 states reached compliance in 2018. To improve subnational fiscal management, the World Bank also supported the design of a medium-term fiscal framework for three highly indebted states—Michoacán, Nuevo León, and Quintana Roo—and provided recommendations to enhance the tax code and the assessment of public investment projects.

26. **Building a comprehensive disaster risk management strategy is critical for the government, and the World Bank supported the government's long-term strategy for catastrophic risk management**. Through a package of knowledge services, the World Bank provided the government with recommendations on strengthening national and subnational disaster risk management. The government now possesses the necessary elements to promote cost-efficient investments in disaster risk reduction to manage disaster risk nationwide. The states of Hidalgo, Oaxaca, and San Luis Potosi have also created a pool to transfer local disaster risk to the financial and insurance markets. This approach is based on a feasibility analysis developed under a RAS in disaster risk management, in collaboration with the Secretariat of Finance and Public Credit. Moreover, in 2017, following the issuance of the first and second multiperil catastrophe risk bonds through the World Bank's MultiCat Program in 2009 and 2012, the World Bank issued a catastrophe bond of up to US$360 million against the losses caused by earthquakes and tropical cyclones under the IBRD's Capital at Risk Notes Program. As a result, the government received a US$150 million payout following the earthquakes in September 2017. In February 2018, the World Bank also issued catastrophe bonds for the members of the Pacific Alliance, a Latin American trade bloc, consisting of Chile, Colombia, Mexico, and Peru, providing US$1.36 billion in coverage against the potential losses caused by earthquakes, of which US$260 million covers Mexico. This transaction marked many milestones. It was the largest government catastrophe bond in history, the first catastrophe bond in South America, and the second-largest catastrophe bond deal ever. Overall, the World Bank has supported Mexico in its regional and global leadership in disaster risk insurance and risk management options. As testimony to this, the government hosted the Global Facility for Disaster Reduction and Recovery Conference, "Understanding Risk," in May 2018 with more than 1,000 expert participants.

27. **The World Bank provided targeted support to several states in the adoption of mechanisms to improve public financial and information management, including over statistical data**. Mainly in the form of RASs, there was strong demand for World Bank knowledge services among the states, where institutional and capacity constraints are the most pronounced. For example, comprehensive diagnostics on public sector strengthening in the states of Mexico City, Oaxaca, and Veracruz were implemented with World Bank assistance. Through RASs, the World Bank also supported

improvements in government statistical information systems in the states of Guanajuato, Jalisco, and Morelos and developed a toolkit for statistical enhancement that the National Institute of Statistics and Geography (*Instituto Nacional de Estadística y Geografía*) could replicate in other states. The toolkit has also already been used in other countries, such as Bolivia, Chile, Nicaragua, and Paraguay. The World Bank has also provided specific short-term inputs to inform the design and implementation of open government initiatives and public integrity and anticorruption tools with funding from the U.S. Agency for International Development.

Pillar 4. Promoting Green and Inclusive Growth

28. Pillar 4, Promoting Green and Inclusive Growth, supported objectives to (a) improve the capacity for low-carbon urban development and (b) improve the sustainable management of key natural resources, including forests, biodiverse areas, water, and combined renewable energy. Of eight outcome indicators, five were achieved; one was mostly achieved; and two were partially achieved. The WBG supported low-carbon urban transport, residential and commercial energy, and housing and promoted the sustainable management of key natural resources, with notable success in the largely community and indigenous people-owned forest sector. Overall results for this pillar are rated **satisfactory**.

Objective 6. Improved capacity for low-carbon urban development [Mostly achieved]

29. **The World Bank supported the government in reducing greenhouse gas (GHG) emissions through the promotion of energy efficiency initiatives, mainly in transport and energy**. In transport, the World Bank supported the cities of Ciudad Juárez, Leon, Monterrey, and Puebla in the development and adoption of integrated sustainable mobility master plans that cover climate, land use, and transport, under the Global Environment Facility (GEF) Sustainable Transport and Air Quality Project. Three integrated mass transit corridors, in Guadalajara, Monterrey, and Tijuana, were developed under the Urban Transport Transformation Project with a lifetime GHG emission reduction of 936,846 tons of carbon dioxide equivalent (tCO2e). Combined IBRD and GEF support also resulted in the reduction of approximately 5,000,000 tCO2e in 2010–14 through the expansion of the use of energy-efficient equipment and services. The World Bank likewise supported the Secretariat of Energy (*Secretaría de Energía*) in the implementation of two energy diagnostic tools[25] in local climate, energy, and sustainability planning efforts that reached 35 municipalities across the country. The diagnostics kicked off the government's national program to scale up energy efficiency in selected sectors in cities that have been supported by the World Bank through the Energy Efficiency in Public Facilities Project, which has already contributed to avoid the accumulation of 32,600 tCO2e.

30. **In urban development, World Bank and IFC support focused on climate change resilient low-income housing**. World Bank support through RASs to improve the efficiency of the government's housing subsidy program (*Esta es tu casa*) led to the preparation of the Improving Access to Affordable Housing Project. The project has already helped 17,405 low-income beneficiaries purchase their first new or existing housing unit and aims to catalyze the development of well-located affordable housing

[25] These include (a) the Tool for Rapid Assessment of City Energy (TRACE), a decision-support tool designed to help cities quickly identify underperforming sectors, evaluate improvement and cost-savings potential, and prioritize sectors and actions for energy efficiency intervention; and (b) the Climate Action for Urban Sustainability (CURB) toolkit designed to help guide cities through the process of planning and implementing a range of interventions to reduce energy use, save money, and cut local GHG emissions.

projects in municipalities across the country through the financing of technical studies for urban planning. IFC worked closely with the National Housing Commission (*Comisión Nacional de Vivienda*) to strengthen the government's housing policy by updating the Code of Construction of Housing (*Codigo de Edificación de Vivienda*) and preparing the code implementation guide. Both initiatives are focused on increasing the sustainability of the housing sector and have successfully complemented each other as they aim to strengthen the housing regulatory framework. IFC also committed US$107 million to *Fideicomiso Irrevocable* F/2061 (*Fideicomiso Hipotecario*, the first mortgage real estate investment trust in the country). Half of IFC's commitment is dedicated to funding mortgages with high energy savings potential that qualify under IFC's green buildings eligibility criteria. This is in line with IFC's role in promoting the creation of technical capacities for certification in Excellence in Design for Greater Efficiencies, which has already resulted in the market adoption of certification in four projects in Mexico.[26] The World Bank and IFC also collaborated in providing technical assistance to improve the efficiency of the Municipal Solid Waste Program (*Programa de Residuos Sólidos Municipale*s), and the World Bank contributed in the review of the national legal framework for integrated waste management with a view to reducing GHG emissions.

Objective 7. Improved sustainable management of key natural resources (that is, forests, biodiverse areas, water, and combined renewable energy) [Achieved]

31. **The WBG helped the government manage key natural resources sustainably.** Through a combination of IBRD financing and grants, the World Bank supported rural communities in sustainably managing their forests, while generating income from forest products and services. Significant achievements include (a) a 117 percent increase in 2016 and a 92 percent increase in 2017 in the number of hectares managed by communities and *ejidos* (communal land used for agriculture) benefiting from sustainable management practices and (b) a 69 percent increase in 2016 and a 36 percent increase in 2017 in the communities and *ejidos* benefiting from National Forestry Commission (*Comisión Nacional Forestal*) programs. With the support of two GEF grants, more than 1.8 million additional hectares were added under enhanced biodiversity protection, and 50 hectares of mangrove ecosystems and 10 hectares of riparian zones were reforested as part of the government's efforts to enhance sustainable land use and to mainstream biodiversity-friendly management practices. IFC also contributed to the improved management of natural resources in the southern states through investment in Proteak, a teak and medium-density fiberboard producer. As a result, IFC has supported the sustainable development of up to 10,000 new hectares of commercial forest plantations, as well as the integration of local producers in sustainable forest value chains. Meanwhile, the global efficiency of eight water utilities was increased by 2 percent through the Water Utilities Efficiency Improvement Program (*Programa de Mejoramiento de Eficiencias de Organismos Operadores*). The World Bank also supports the improvement of water quality and the strengthening of the institutional framework of the State of Oaxaca through the Oaxaca Water and Sanitation Sector Modernization Project (*Programa de Modernización del Sector Agua y Saneamiento*).

32. **Through a combination of financing and grants, the WBG also supported the government in reducing GHG emissions and removing barriers to the development of renewable energy technologies.** The World Bank supported the development of the first independent wind power plant connected to the grid of the Federal Electricity Commission (*Comisión Federal de Electricidad*), *La Venta*

[26] Two are attributable to Vinte, an IFC investment in the State of Mexico, and two independent certifications in Excellence in Design for Greater Efficiencies in the State of Veracruz.

III, which supplied 1,311 gigawatt hours to the national system and reduced 809,120 tCO2e emissions during the CPS period. The World Bank also piloted an integrated combined cycle (solar thermal) power generation plant in Mexico, which resulted in around 820 tCO2e emissions avoided in 2018. Through combined IBRD and GEF resources, 36 solar farms were installed in remote rural communities, benefiting around 2,235 households. Through the Sustainable Rural Development Project, the World Bank also emphasized environmental sustainability in agricultural interventions. Through the adoption of low-carbon intensity technologies (for example, energy efficiency and biodigesters) by agribusinesses, 2,294 subprojects were implemented, resulting in a reduction of more than 6 million tCO2e and around 221.6 gigawatt hours of renewable energy produced.

33. IFC investment in the Eurus wind plant delivered 949 gigawatt hours to the electric grid and met the off-taker minimum production requirements. In FY17, IFC also made an investment in Solem I and II, the largest solar photovoltaic generation plant in the region, for an installed capacity of 348 megawatts in the State of Aguascalientes. The Solem plants are expected to reduce up to 424,000 tCO2e emissions annually, significantly contributing to the country's climate change commitments. More recently, in FY19, IFC committed US$113 million for Potrero Solar, a 270-megawatt solar photovoltaic renewable energy power plant in the State of Jalisco that is expected to start selling energy by 2020. In June 2017, MIGA issued a guarantee to *Ciclo Combinado Tierra Mojada*, a gas-fired combined cycle power plant in the State of Jalisco with approximately 875 megawatts of capacity. The project is one of the first private sector generation facilities to be established after the energy sector reform enacted in 2013, providing an example of the role and benefits of private sector involvement in power generation in Mexico.

34. **IFC also supported the energy efficiency and power sectors through timely advisory services.** In resource efficiency, IFC supported *Puertas Finas*, the largest door producer in the country, in identifying energy solutions to reduce costs and the environmental impact, and Rassini, an auto parts maker, in identifying resource efficiency and clean energy solutions. In the power sector, IFC provided advisory services to *La Huerta*, one of Mexico's largest vegetable producers, in a feasibility assessment of a cogeneration plant and is supporting the development of new technological solutions (including battery storage) for the State of Baja California Sur with the aim of finding a suitable deployment framework through the mobilization of private sector funding.

III. WORLD BANK GROUP PERFORMANCE

35. **The WBG performance in designing and implementing the FY14-19 CPS was good.** The CPS was fully aligned with the goals of the National Development Plan for 2013–18 and supported the government's development agenda to increase productivity and potential output growth. It included a systematic effort at selectivity for the highest impact of WBG activities in seeking the twin goals, the WBG comparative advantage, and client demand. The areas proposed for WBG engagement integrated financial, knowledge, and convening services in a tailored package of development solutions by WBG institutions, including MIGA's first political risk guarantee in Mexico to support the energy sector and Mexico's adherence to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States early in 2018. The CPS also incorporated lessons learned in implementing the FY08-13 CPS program and identified risks and the built-in measures to mitigate the risks.

Design and Relevance

36. The CPS remained a valid and effective framework for collaboration and engagement between Mexico and the WBG throughout implementation. Strategy preparation was informed by the National Development Plan, which was used as a starting point to define the four WBG areas of engagement. Through a systematic effort at selectivity, the World Bank (a) exited several areas of previous CPS engagement, for example, trade policy and customs; (b) re-focused the knowledge and convening program, including the growing RAS program, around selective multiyear, multisector programmatic approaches for increased effectiveness and reduced transactions costs; and (c) proposed the delivery of tailored development solutions through packages of WBG financial, knowledge, and convening services.

37. **The CPS incorporated the lessons from the previous CPS and Mexico's development experience.** By retaining flexibility in this CPS, the WBG was able to improve alignment, operational efficiency, and impact through more focused interventions and programmatic knowledge approaches. Building on the emphasis of the previous CPS on sharing knowledge, this CPS also continued supporting Mexico's role as a global knowledge leader with positive results. Compared with the previous CPS period, the government doubled its knowledge exchange engagements during this CPS period and became a key global actor in, for example, social protection and climate change (see Annex D).

38. **Risks were adequately identified and addressed by an effective mitigation strategy.** The overall risk involved in achieving development outcomes as identified in the CPS and confirmed in the PLR, remained moderate during the implementation of the strategy. The strategic risks identified included sluggish economic performance; little room for countercyclical lending in the event of global or local shocks; limited institutional capacity for implementation, particularly at the subnational level; and crime and violence. The direct impact of some of these risks, such as crime and violence, was limited, and World Bank-financed operations were carried out with the necessary precaution and security arrangements to ensure staff safety. Other interventions, such as the repeated public expenditure cuts beginning in 2016 had a bearing on timely portfolio implementation and caused disbursement delays in some operations. Because of the non-additionality rule in Mexico whereby all projects are financed out of general budget allocations, the federal budget cuts had an immediate impact on project disbursements. To address this issue, several actions were taken, including project restructurings to deal with the lack of counterpart funds and adjustments in the scope of projects. At the subnational level, constitutional limitations on external borrowing and institutional capacity for implementation also posed a substantial risk to the strategy. The Fiscal Discipline Law for Subnational Entities enacted in 2016 impeded new external borrowing by subnational governments through development banks. Weak institutional capacity and complex institutional arrangements contributed to the delays in project implementation (for example, the two-year implementation delay of the Oaxaca Water and Sanitation Sector Modernization Project). To mitigate this risk, regular pipeline meetings were established with the Secretariat of Finance and Public Credit to discuss the limitations on external borrowing by subnational governments, as well as weak institutional and management capacity at the subnational level.

39. The PLR introduced timely midcourse adjustments in the strategy. The PLR confirmed that the CPS was well aligned with both the country's development challenges and the WBG twin goals and that the implementation of the CPS program was on track to achieve most of the key objectives identified at the beginning of the CPS. Given the flexible design of the CPS, the WBG engagement was

adjusted, largely reflecting changes in client demand. The original CPS, for instance, envisaged wide support for infrastructure in view of a possible request through the National Infrastructure Plan 2014–18. The demand did not materialize, and focused infrastructure support was provided within existing objectives. Based on client demand, the PLR also deepened the World Bank's engagement with the government's productivity agenda, particularly the links to the social protection agenda and the rural economy. Other critical areas of increased demand were directly connected to economic and fiscal management in the country as well as additional support to help the government achieve low-carbon urban development through energy efficiency and low-income housing interventions. In line with these consolidation and deepening efforts, the results framework was updated in the PLR. The number of objectives was streamlined from 12 to 7 and adjusted to facilitate attribution. Of the 29 original indicators, 23 were revised to improve measurement, attribution, and clarity; 6 were dropped; and 3 new indicators were added to account more effectively for results in areas where engagement had deepened.

Program implementation

40. **During the CPS period, the WBG delivered an effective package of financial, knowledge, and convening services that supported the achievement of the CPS objectives.** New IBRD lending commitments over the CPS period totaled US$3.36 billion for 15 projects. On average, this represented 3 projects and US$560 million per year in FY14-19 (see Table 2). The largest share of US$2.50 billion was delivered in investment lending, while US$801 million was approved for policy lending, and US$55 million in a program for results operation (see Annex E). During CPS preparation, the World Bank portfolio in Mexico consisted of 12 IBRD projects and 5 full GEF operations, for a net commitment of US$4.26 billion. As of end June 2019, the active portfolio was comprised of 11 active projects, including two full GEF operations and one Dedicated Grant Mechanism, totaling US$2.48 billion in net commitments (Table 2). The World Bank also used trust funds to support and supplement key aspects of the program with financing from GEF, the Forest Carbon Partnership Facility, the BioCarbon Fund Initiative for Sustainable Forest Landscapes, and other funds. A total of US$110.43 million was approved for 13 recipient-executed trust funds during the CPS period (see Annex F). Moreover, the IFC committed US$2.96 billion in long term financial investments, of which US$1.10 billion correspond to mobilization (Table 3). Relative to advisory services, IFC committed US$407,500 in cash fees, and received US$1.36 million from the Japanese government for the development of a collateral registries project that will lead to the development of asset-based lending products, as well as US$300,000 for a study on technological solutions in Baja California's power sector. MIGA closed its first political risk guarantee (*Ciclo Combinado Tierra Mojada*) in Mexico in June 2017 in support of the energy sector. Its gross exposure stood at US$963 million as of June 2019.

41. **Close collaboration between the World Bank and the government helped improve portfolio performance**. During the CPS period, disbursements were strong, with an average ratio of 24 percent, which is above the ratio of the Latin America and the Caribbean region (20 percent) and the World Bank (19 percent). Nevertheless, implementation delays were observed in some operations. At the federal level, budget cuts and problems resulting from the piloting of innovative approaches in the energy sector were among the main challenges. At the subnational level, weak institutional capacity and complex institutional arrangements contributed to delays. During CPS implementation, the World Bank worked closely with government counterparts to find solutions to these issues. Country Portfolio Performance Reviews and regular dialogue led to restructurings that provided adequate and timely solutions to problems in the implementation of several projects. Overall, 46 project restructurings were

processed during the CPS period. Although proactivity declined since FY17 because of an impasse on two long-standing problem projects with systematic issues that could not be resolved through restructurings[27], proactive portfolio management prevented other projects from slipping into problem status. As a result, the quality of the portfolio remained robust, with around 13 percent of commitments at risk, on average, during the CPS (see Table 2), below the regional (20 percent) and World Bank (22 percent) averages. The number of problem projects in Mexico was also lower than the number in the region, with an average of three per year (17 percent of the portfolio).

Table 4. IBRD Portfolio Trends, FY14-FY19

FY	FY14	FY15	FY16	FY17	FY18	FY19
PORTFOLIO AND DISBURSEMENTS						
Number of Projects Approved	2.0	3.0	2.0	3.0	3.0	2.0
Financing Approved (US$M)	355.8	850.0	500.0	350.0	406.0	900.0
Average Financing per Project (US$ M)	300.8	273.3	250.0	117.0	135.0	450.0
Number of Active Projects	16.0	20.0	14.0	17.0	17.0	11.0
Net Commitments (US$ M)	1570.9	2380.7	2184.9	2530.4	2382.7	2,481.5
Disbursement in FY (US$ M) (Active Portfolio)	132.9	476.6	423.4	399.9	402.1	394.14
Cumulative Disbursements of Active projects (US$M)	373.2	797.2	718.3	1114.8	1097.5	1,033.5
Total Undisbursed Balance (US$ M)	1197.7	1566.5	1466.6	1415.6	1257.6	1,448.1
Disbursement Ratio (%, IPF only)	37.8	19.9	32.6	28.1	31.1	43.3
Average Project Age (Yrs)	4.7	4.6	3.7	3.6	2.8	2.7
PORTFOLIO RISKINESS						
Problem Projects (#)	3.0	3.0	4.0	2.0	3.0	1.0
Problem Projects (%)	18.8	15.0	28.6	11.8	17.6	9.1
Potencial Problem Project #	0.0	1.0	0.0	0.0	0.0	0.0
Projects at Risk (#)	3.0	4.0	4.0	2.0	3.0	1.0
Projects at Risk (%)	19.0	20.0	29.0	12.0	18.0	9.1
Commitments at Risk (#)	254.5	319.6	324.0	205.0	325.0	55.0
Commitments at Risk (%)	16.2	13.4	14.8	8.1	13.6	2.2
12 month rolling Proactivity (%)	57.0	67.0	67.0	75.0	0.0	66.7

Source: Business Intelligence reporting & Standard Reports. The table includes IBRD, large recipient-executed trust funds, and GEF.

Table 5. IFC Portfolio Trends, FY14-FY19

IFC	FY14	FY15	FY16	FY17	FY18	FY19 [(a)]
COMMITMENTS						
Number of projects	16.0	12.0	13.0	15.0	14.0	12.0
IFC own account US$m [(b)]	*327.0*	*189.7*	*374.5*	*216.8*	*317.4*	*441.6*
Mobilization US$m	*211.3*	*187.7*	*192.5*	*214.9*	*0.0*	*289.3*
Total commitments US$m	538.3	377.4	567.0	431.7	317.4	730.9
PORTFOLIO						
IFC own account US$m	*1643.9*	*1473.0*	*1376.6*	*1307.6*	*1208.3*	*1525.9*
Mobilization US$m	*888.5*	*1043.4*	*987.3*	*1164.0*	*1037.8*	*1053.2*
Total committed portfolio US$m	2532.4	2516.4	2363.9	2471.6	2246.1	2579.1
Outstanding exposure US$m	1196.6	1202.1	1024.8	1050.5	945.7	1286.7
DOTs Development outcome (% succesful, unweighted)	48%	54%	57%	48%	46%	NA
DOTs Development outcome (% succesful, weighted) [(c)]	54%	74%	71%	66%	72%	NA

Source: IFC reports. a. As of June 30, 2019. b. Includes short-term and long-term finance. c. Weighted results account for the size of the exposure.

[27] The Urban Transport Transformation Project, which has since exited the portfolio, and the Oaxaca Water and Sanitation Sector Modernization Project, which saw a turn-around in 2019 and has since been performing satisfactorily.

42. **In FY19, IFC's own account committed portfolio in Mexico reached US$1,526 million, of which US$1,287 million was outstanding (as of June 2019).** While outstanding exposure increased in FY19, it remained below the levels seen in FY14. The portfolio consisted of 56 active clients in more than 10 industries. It was the 10th largest worldwide and 4th largest in the region (own account). Development outcome scores averaged 51 percent successful between FY14 and FY18 and 67 successful in the same period, weighted for the size of the exposure.

43. **The WBG Advisory Services and Analytics Program was strategically aligned to support the country's needs and the implementation of the CPS.** Most of the program was grouped under programmatic approaches that provided the government with technical inputs in various areas such as productivity, fiscal management, climate change, poverty reduction, urban development, social protection, public sector strengthening, and health care. The average number of programmatic approaches delivered per fiscal year was around 5, for a total of 28 programmatic approaches during the entire CPS period (see Annex G). Programmatic engagements had several advantages in the strategic alignment of the advisory services and analytics portfolio. Thus, they added substantial structure to a sizable knowledge portfolio, ensuring that the advisory services and analytics were strategic and well aligned with the strategy. This engagement model enabled WBG activities with diverse sources of funding, including trust funds and RASs, to be aggregated under an umbrella objective. Yet, it required a strong quality assurance system to avoid loose engagements. As a flexible multiannual framework, annual reviews were also critical to adjusting the program. Programmatic approaches provided the requisite flexibility to respond to evolving country circumstances and emerging client priorities, including on a just-in-time basis whenever needed. They also contributed to the World Bank's lending program by facilitating upstream work that helped in the design of projects, such as the Expanding Rural Finance Project and the Improving Access to Affordable Housing Program, or eased the provision of technical assistance to accompany operations during implementation. IFC also supported CPS implementation with timely advisory services focused on the financial, energy efficiency, and power sectors.

44. **Demand for RASs and convening services increased during the CPS period.** The demand for RASs increased substantially, and RASs proved to be an effective tool for engagement, particularly at the subnational level. During the CPS period, the World Bank delivered 26 RASs, with a total value of US$15.6 million, most emblematically a Public Expenditure Review, but also in monitoring and evaluation, public financial management, water resource management, special economic zones, and other areas (see Annex G). The government also actively engaged in more than 70 knowledge exchanges (twice the number relative to the previous CPS), both as a provider and a receiver of global knowledge. For instance, the government's experience in social protection, particularly the design and implementation of the flagship conditional cash transfer program, PROSPERA, was shared with many countries, including Bangladesh, Guatemala, Indonesia, Turkey, and Vietnam (see Annex D).

45. **The portfolio showed strong development outcomes.** In 2017, the Independent Evaluation Group conducted a Country Program Evaluation to assess the development effectiveness of the WBG country program in Mexico from 2008 to 2017. Overall, the group rated the WBG program in Mexico as satisfactory with some outstanding successes, notably, in policy dialogue, especially in tax reform, public expenditure, and subnational fiscal legislation, as well as in lending support to Mexico's major programs for social protection (such as PROSPERA) and climate change interventions, and convening more than 70 knowledge exchanges. Although development outcomes declined in FY14-17 because of the exit of risky innovative projects in energy (such as the Hybrid Solar and the Integrated Energy

Services projects) and weak program design in the water sector (the Water Sector Efficiency Program), 80 percent of operations, on average, closed with at least a moderately satisfactory rating as assessed by the Independent Evaluation Group in FY10-17.

46. **The World Bank portfolio embodied consideration of gender, climate, and citizen engagement.** During the CPS period, attention to gender mainstreaming increased, reflecting the priorities of the government and the World Bank in tackling gender inequalities (see Annex C). The government also increased the climate-related share of its IBRD portfolio from an average of 6.7 percent between FY14-16 to 19.2 percent between FY17-19. In FY18, the ratio of climate co-benefits over total commitments was 22.7 percent. This was an increase of five percentage points over FY17 (17.7 percent) and an increase of 16 percentage points relative to the average in FY14-16 (6.7 percent). This was in line with the World Bank's target announced in 2015 to reach 28.0 percent of climate co-benefits by 2020. Although co-benefits in FY19 were 17.2 percent, total IBRD co-benefits amounted to US$155 million – the largest commitment amount to date. On citizen engagement, 100 percent of the active investment lending portfolio as of June 2019 had a citizen-oriented design, and 90 percent of IBRD operations included and reported on beneficiary feedback indicators.

47. **Procurement.** The CPS period was affected positively by the approval of the new WBG Procurement Regulations in 2016. Following the principle of fit for purpose, the World Bank and the clients determined the most appropriate procurement approach to reach the development objective of each project considering the context, the risk, the value, and the complexity of the procurement through the preparation of a procurement strategy for each project. Building on the solid procurement tools designed by the World Bank for the government of Mexico in previous years, including harmonized procedures and procurement documents, the portfolio also benefited from new opportunities to rely on innovative procurement approaches and solutions. Among the tools were (a) local procedures based on fit for purpose procurement documents for each subproject; (b) innovative methods and tools for project design, such as rating criteria and competitive dialogue; and (c) a transactional web procurement application and subproject selection criteria not based on prices.

48. **Financial management.** During the implementation of the CPS, the performance of financial management ranged mostly from satisfactory to moderately satisfactory. Compliance with financial reporting and auditing requirements was generally timely, and independent audit reports did not reveal significant findings. Some weaknesses observed in financial management were associated with the budget planning and execution process. In particular, delays in budget provision slowed the pace of project implementation, and insufficient budget was allocated for project activities or budget was not made available in a timely manner, partially because of federal budgetary restrictions beginning in 2016. To address these issues, several steps were taken, including project restructurings to address the lack of counterpart funds and to adjust project scope. The World Bank also (a) delivered financial management capacity-building activities among agencies implementing projects, (b) harmonized financial management requirements with the Inter-American Development Bank on financial reporting, (c) strengthened World Bank collaboration with the organized accounting profession in the country, and (d) designed and delivered capacity-building initiatives to independent audit firms in collaboration with the Inter-American Development Bank and the Secretariat of Public Administration.

49. **Safeguards.** During the CPS period, (a) the IBRD's portfolio was generally compliant with safeguard policies; (b) project ratings ranged from substantial to low safeguard risks; and (c) the WBG provided oversight, supervision, follow-up, and capacity-building support, particularly for subprojects

at the subnational level. Mexico was also the first country in the Latin America and the Caribbean region to carry out in 2018 training on the new Environmental and Social Framework among relevant stakeholders, including representatives of development partners and civil society organizations.

IV. ALIGNMENT WITH CORPORATE GOALS

50. **The WBG program under the CPS fostered the twin goals of reducing poverty and promoting shared prosperity in a sustainable manner.** The CPS was a transition strategy in the new WBG country engagement model that replaced the traditional CPS with the new Country Partnership Framework model. The CPS was prepared before the guidance note on developing partnership products was issued in 2014. Although it is one of the first WBG strategies produced after the formal adoption of the twin goals, strong poverty and macroeconomic analytics underpinned CPS formulation. From the outset, the twin goals were considered in designing the CPS program, as follows: (a) they were one of the three filters on which the systematic effort at selectivity was based, (b) the CPS included the benchmarking of extreme poverty and shared prosperity, and (c) each CPS pillar supported the government's development efforts through focused and selective interventions that integrated the WBG twin goals with the goals of the National Development Plan.

51. **The WBG contributed to poverty reduction and shared prosperity through targeted interventions in poor states and frontier markets.** The engagement with subnational clients in poor states increased during the CPS period. Several aspects of the program under the pillar on unleashing productivity benefited especially remote and underserved regions. For example, the SEZ agenda specifically targeted the south and southeastern states, the areas lagging the most in economic opportunity. In addition, the World Bank supported the government's efforts to expand safe financial services to remote areas and focused on improving the competitiveness and economic opportunities of small and medium agricultural producers in poor areas of the country.

52. **Well-established national programs that targeted the most vulnerable were supported by the World Bank.** Under the pillar on increasing social prosperity, the World Bank reached the most vulnerable in education and social protection through targeted interventions. The National Council for Education Development's Early Childhood Development Program, for instance, targeted communities at high or very high levels of marginalization, with a special focus on indigenous and ethnic minorities. In social protection, World Bank–supported PROSPERA Program showed positive short-term effects in multiple human development dimensions and some long-term gains.[28] Overall, poverty reduction was driven by social policies that were effective in improving the nonmonetary dimensions of welfare, which are among the government's official poverty measures.[29] These policies, which include access to quality education, health care, and housing, were directly linked to sectors and programs supported by the CPS. Under the pillar on promoting green and inclusive growth, several operations also supported poor regions in remote and rural areas or benefited the poor and vulnerable in urban areas. The target population of the community forest and coastal management projects, for example, included high numbers of poor, and special attention was paid to indigenous peoples. In energy, the World Bank's

[28] See World Bank, 2017, "Proposed Additional Loan and Restructuring: Social Protection System Project," Report PAD2506, World Bank, Washington, DC.

[29] The multidimensional poverty index combines indicators of income poverty with indicators of social deprivation, that is, gaps in educational attainment, access to health care services, access to social security, the quality and space available in dwellings, access to basic services in dwellings, and access to food.

wind and solar interventions benefited poor communities and indigenous peoples in the south and in remote rural locations.

53. **With World Bank support, the government has been at the forefront in reliance on innovative instruments to reduce the financial risks associated with natural disasters, which affect the poor and vulnerable the most.** Under the pillar on strengthening public finances and government efficiency, the incorporation of the World Bank's experience and knowledge in the implementation of subnational financial protection strategies against disasters exhibited good uptake in some of the poorest states, which are also the most vulnerable to disasters, for example, Hidalgo and Oaxaca. Disaster risk prevention and agricultural insurance mechanisms associated with increasing natural hazards, especially the MultiCat Program, the Capital at Risk Notes Program, and the Pacific Alliance Cat Bond also benefited the poor and people in vulnerable regions.

V. KEY LESSONS LEARNED AND RECOMMENDATIONS FOR THE NEW COUNTRY PARTNERSHIP FRAMEWORK

54. ***Lesson 1:*** **Flexibility in the WBG's engagement was key to responding rapidly to the country's development needs.** The FY14-19 CPS was designed to be flexible to reprioritize and scale up quickly in the changing environment in Mexico. At the time of the PLR, the WBG engagement was adjusted, largely to reflect changes in government demand, by deepening the support in selected areas and rationalization in the case of infrastructure as originally envisaged in the CPS. By retaining flexibility in implementation, the CPS was able to improve alignment and impact. The inbuilt flexibility in the Mexico CPS offers lessons for other countries transitioning to a more well integrated client engagement that aims to maximize the package of services provided by the WBG, while remaining flexible to respond to changing client demands.

55. ***Lesson 2:*** **Supporting Mexico's role as a global knowledge leader provides important insights for the global public goods agenda**. The government of Mexico has demonstrated the importance of high-quality analysis in innovative upper-middle-income countries, which require highly specialized technical support, as well as the role of the WBG as a global facilitator of such knowledge. During the CPS period, the government of Mexico engaged in over 70 knowledge exchanges and played a major role in convening knowledge exchanges and promoting south-south learning in several areas, such as social protection and climate change. Most of these exchanges involved multiple countries, and a large proportion were focused on other countries in the region (see Annex D).

56. ***Lesson 3:*** **Close collaboration among the World Bank, IFC, and MIGA has been critical to creating the appropriate business environment and succeeding in crowding in private sector solutions**. IBRD and IFC projects are coupled with advisory and knowledge services and often tackle bottlenecks that hinder private sector engagement. The *Red Compartida* is an early example of maximizing finance for development because it mixes public sector reform supported by the World Bank and private sector mobilization supported by IFC. The WBG should continue to seek synergies across its institutions and leverage interventions to crowd in other sources of private finance for greater development impact.

57. ***Lesson 4*****: The use of the full suite of WBG services and instruments of engagement with the public and private sectors is a good example of the World Bank's relevance in upper-middle-income**

countries, such as Mexico. The WBG comparative advantage in an upper-middle-income country, such as Mexico, resides in its ability to combine financing with the provision of cutting-edge global knowledge and to offer development solutions tailored to a country's needs, including support for newly developing markets. The China-Mexico Fund established during the CPS period, for instance, served to build investor confidence in Mexico's newly opened energy market. The WBG's combination of financial, advisory, and knowledge services can pave the way for solutions that can be scaled up, thereby creating global public goods in many areas.

58. **Several operational lessons also emerged during the CPS period.** These lessons could help ensure the effective and efficient implementation of the portfolio and proactively address any implementation bottlenecks. These include but are not limited to the following: (i) to confirm that a project can be implemented effectively, it is necessary to ensure that line ministries have adequate budget for the duration of the project; during project preparation, this should be monitored through consultations not only with line ministries, but also with the Secretariat of Finance and Public Credit; (ii) the choice of the instrument and the object of financing needs to be fully aligned with the Mexican legislation; the project design needs to account for certain limitations in the Mexican legal framework (for example, loans can only be incurred for productive purposes) and should provide clearly for the strengths and weaknesses of the various World Bank instruments; and (iii) simple implementation, fiduciary, and safeguards arrangements are important in avoiding implementation delays; in projects that are characterized by complex procurement processes, for example, market analysis should be undertaken at the initial stages through sufficient market sounding to avoid downstream complications and delays.

Annex A. Status of the CPS Results Matrix, Mexico FY14-19

Pillars, objectives, and indicators	Rating
Development Outcome Rating	**Satisfactory**
Pillar 1. Unleashing Productivity	**Satisfactory**
Objective 1. Improved financial inclusion for productive purposes	**Achieved**
Indicator (a) Number of clients [persons] mainstreamed into the formal financial sector	Achieved
Indicator (b) Number of additional microenterprises and SMEs in the rural economy with access to credit (of which 60 percent are women headed) (cumulative)	Achieved
Indicator (c) Number (#) and volume (US$) of microenterprises and SME loans in outstanding portfolio (IFC)	Mostly achieved
Indicator (d) Number of new issuers in capital markets with IFC support (IFC).	Mostly achieved
Objective 2. Improved investment climate in target states and select infrastructure development for productive purposes	**Mostly achieved**
Indicator (a) Number of recommended regulations, amendments, or codes adopted in SEZ states	Achieved
Indicator (b) Containers Handled (20-foot equivalent unit containers, million/port operations) (IFC).	Not achieved
Indicator (c) Number of farmers integrated into the agribusiness value chain through projects financed by IFC (IFC).	Achieved
Indicator (d) New private sector investments facilitated by IFC through opportunities generated by the Mexican reforms (IFC).	Mostly achieved
Pillar 2. Increasing Social Prosperity	**Satisfactory**
Objective 3. Improved access and quality in target education programs	**Mostly achieved**
Indicator (a) Gross failure rate (percent) among basic (primary and secondary) education schools in programs to strengthen school-based management	Achieved (supplemental evidence is provided)
Indicator (b) Transition rate (percent) from primary to secondary education among graduates of schools administered by the National Council for Education Development in selected National Crusade against Hunger municipalities	Achieved
Indicator (c) Number of students enrolled in higher level institutions financed by IFC (of which female) (IFC)	Mostly achieved
Objective 4. Improved access to and integration of the social protection system	**Achieved**
Indicator (a) Number of PROSPERA beneficiaries who participate in social programs (of which female)	Achieved
Indicator (b) Number of PROSPERA beneficiaries who participate in productive programs	Achieved
Indicator (c) Number of instruments implemented for an integrated social information system	Achieved
Indicator (d) Number of low-income patients treated by private health care providers financed by IFC (IFC)	Achieved
Pillar 3. Strengthening Public Finances and Government Efficiency	**Satisfactory**
Objective 5. Improved fiscal management capacity and increased adoption of modern public financial or information management mechanisms in selected states	**Achieved**
Indicator (a) Number of states in compliance with reporting requirements under the new Fiscal Discipline Law for Subnational Entities	Achieved

Pillars, objectives, and indicators	Rating
Indicator (b) Number of states that have joined the disaster risk transfer pool proposed by the Federal Government.	Mostly achieved
Indicator (c) Number of states that have adopted at least one new recommended mechanism to improve their public financial or information management	Achieved
Pillar 4. Promoting Green and Inclusive Growth	**Satisfactory**
Objective 6. Improved capacity for low-carbon urban development	**Mostly achieved**
Indicator (a) GHG emissions avoided or reduced in cities supported by World Bank-financed projects in energy and transport (tCO2e)	Partially achieved
Indicator (b) Number of large and intermediate cities using the Municipal Energy Diagnostics Tools developed by the World Bank (this is, the Climate Action for Urban Sustainability toolkit (CURB) and the Tool for Rapid Assessment of City Energy (TRACE))	Mostly achieved
Indicator (c) Number of projects with certification in Excellence in Design for Greater Efficiencies (EDGE) (IFC)	Achieved
Objective 7. Improved sustainable management of key natural resources (that is, forests, biodiverse areas, water, and combined renewable energy)	**Achieved**
Indicator (a) Forest area under sustainable management practices and conservation schemes (hectares)	Achieved
Indicator (b) Area brought under enhanced biodiversity protection (hectares)	Achieved
Indicator (c) Number of water utilities whose global efficiency increases by 2 percent	Achieved
Indicator (d) Power generated from renewable sources supported by WBG projects (that is, eolic, solar, combined, biomass) (gigawatt hours)	Partially achieved
Indicator (e) GHG emissions avoided or reduced from renewable sources supported by WBG projects (that is, eolic, solar, combined, biomass) (tCO2e)	Achieved

Annex B. CPS Results Matrix Evaluation, Mexico FY14-19

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
PILLAR 1. UNLEASHING PRODUCTIVITY [SATISFACTORY]				
OBJECTIVE 1: Improved financial inclusion for productive purposes **Rating**: **Achieved**	(a) Number of clients [persons] mainstreamed into the formal financial sector **Baseline**: 7.12 million (2014) **Target**: 8 million (2016) **Actual**: 9.5 million (June 2017) Source: P123367 Implementation Completion and Results (ICR) Report No. 4310, January 2018 & IEG ICR Review No. 21123, May 2018	**Achieved** The Rural Savings and Credit Sector Consolidation Project supported progress toward this outcome. The World Bank helped the government mainstream 3.4 million new clients into the formal financial sector, representing a 56 percent increase compared with the 2011 project baseline of 6.1 million. This represents an increase of almost 2.4 million new clients mainstreamed into the formal financial sector through the authorized saving and credit entities during the CPS period. In addition, more than one million new members were financially included through the third phase of the Regional Rural Microfinance Technical Assistance Program among which 59 percent were women (exceeding the target of 50 percent); 29 percent came from indigenous regions; 57 percent were located in high or very high marginalized areas; and 50 percent lived in rural towns with less than 2,500 inhabitants.	(a) Reforms that involve hundreds of heterogeneous institutions with bottom-up governance require long-term support and commitment. (b) Strong coordination among public and private sector stakeholders proves successful in designing solutions for financial sector development. (c) Projects that include the support of a technological component should be designed and implemented with a view to the changing environment. Despite the relevance of an information technology component in support of project objectives, efficiency assessment and other feedback mechanisms should be reinforced during project implementation to ensure that expenditures in information technology components are being directed toward the desired outcomes.	FINANCIAL SERVICES *Ongoing* Expanding Rural Finance & Additional Financing Project *(P153338/P169156)* Mexico Financial Inclusion Development Policy Financing (*P167674*) IFC: Progresemos (*30905/36410/37090/39764/40422/40858/41306*); Mifel (*29030*); CS Mex Trust (*32407/36395*); CAMESA II (*40066*); DCM CAMESA PCG II (*37284*); Contigo I (*38960*); Distressed Asset Recovery Program Secorse (*38932/36038/39445*); Distressed Asset Recovery Program Secorse RI1 (*40423*); DCM Vector (*38101*); Altum CP (*40637*); E-Factor Network (*33270/39798*); Konfio (*40491, 41572 & 39749*); DCM CRT Santander (*39976*); Angel PAF II (*40981*) *Closed* Rural Savings and Credit Sector Consolidation Project (*P123367)* IFC: Compartamos Loan (*29634*); Bankool (*26206 & 32065*); Bajio (*35032*); Bankool RI II (*35090*); GMAC WHL (*22302*); Camesa II (*33693*); DCM Camesa PCG (*34538*); Vertice Trust (*32599*). KNOWLEDGE SERVICES *Ongoing* Financial Inclusion Global Initiative – Mexico (*P167371*) IFC: Progresemos (*603142*) *Closed*
	(b) Number of additional microenterprises and SMEs in the rural economy with access to credit (of which 60 percent are women headed) (cumulative)	**Achieved** The Expanding Rural Finance Project supported progress toward this outcome by providing funding to participating financial intermediaries for microenterprises and SMEs. As of December 2018, 118,107 rural microenterprise and SME beneficiaries had accessed credit (average loan size of	(a) The performance of credit lines improves significantly if participating financial intermediaries are sound. (b) A suitable pipeline of projects identified during preparation supports implementation success. Demand of both final borrowers and participating financial intermediaries is necessary not only for	

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
	Baseline: 0 (2015) **Target**: 22,222 (2018) (of which 13,333 female) **Actual**: 118,107 (of which 101,572 –86 percent are women-headed) (December 2018) Source: P153338 Implementation Status and Results Report (ISR) No. 7, May 2019 & P169156 Project Document Report No. 3120, March 2019	US$1,700), and 86 percent of credit recipients were women (exceeding both the target of 22,222 additional microenterprises and SMEs with access to credit, of which 60 percent are women headed). Rural microenterprises and SMEs have benefited from improved access to finance and expanded economic activity, and the funding is helping participating financial intermediaries reach more clients and grow their activities in rural areas.	implementation success, but also for impact. (c) Leveraging private financial institutions helps reach more final borrowers in a cost-effective way. (d) Information sharing among credit institutions is important to prevent multiple borrowings and to manage credit risk. (e) The Independent Evaluation Group has noted that some degree of flexibility in project activities (for example, the piloting and scaling-up of innovative approaches) can support improved project outcomes.	Catalyzing Financial Sector Development (*P161933*) ▪ Catalyzing Asset-Based Lending (*P163587*) Sound Financial Sector Development Programmatic Approach (P133788) ▪ Anti-money Laundering Certification (*P155180*) ▪ Financial Services by Non-banks (*P154980*) ▪ Strengthening Banking Risk Based Supervision (*P150637*) ▪ Evaluation of Credit Guarantee Program (*P150659*) BANXICO Programmatic RAS (*P154294*) ▪ Commercial Real Estate Price Index (CREPI) (P157021) Audit Regulation Initial Technical Assistance National Banking and Securities Commission (*P160052*) Mexico Financial Sector Assessment Program (FSAP) Update (*P159016*) Mexico Financial Capabilities Assessment (*P122665*) Oaxaca Engagement Mexico Programmatic Approach (*P150063*) ▪ Mexico Contingency Plan for Cooperative Financial Institutions (*P144364*) Financial Literacy Impact Evaluation *Mucho Corazon* (*P145817*) IFC: ProNafim (599630) partnering with Sparkassen, TripleJump, and the Inter-American Development Bank
	IFC (c) Number (#) and volume (US$) of microenterprises and SME loans in outstanding portfolio *Number* **Baseline**: 2.2 million (2012) **Target**: 4.07 million (2018) **Actual**: 3.79 million (December 2017) *Volume* **Baseline**: 3.72 billion (2014)	**Mostly achieved** As of end 2017, *Compartamos* and Bankool exited IFC's portfolio. For comparison purposes, the actual figures include the portfolio data of both projects as of the last measurement year. During the reporting period, IFC committed US$511.4 million from its own account in long term financing, plus US$19.1 million in mobilization. Notable new transactions in the period included (a) *Contigo*, *Camesa* and *Progresemos* in the microfinance sector; (b) Altum Capital and Vector Mezzanine for expanding SME financing; (c) technology-based financing through	(a) In providing financing to scale-up microfinance projects, a reasonable balance should be struck between profitability needs of the client to sustain operating costs and cover risks, while ensuring that the benefits are shared with microfinance borrowers. The financing to microfinance beneficiaries at reasonable lending rates promotes long-term sustainable financial inclusion. (b) If a potential risk of over-indebtedness is identified in the microfinance sector that threatens the sustainability of the sector, IFC should coordinate with the World Bank in work with the government to support regulatory reform to ensure that the microfinance model is viable and	

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
	Target: 4.3 billion (2018) **Actual**: 4.08 billion (December 2017) Source: IFC standard indicators; annual reports; other company documents that are subject of legal agreements with IFC. Note: December 2017 is the latest available data for several IFC indicators. Figures as of December 2018 are expected to be finalized during the final quarter of 2019.	Konfio, an online lender, and E-Factor Network, specialized in factoring and working capital; and (d) three Distressed Asset Recovery Program operations to support capital optimization of financial institutions, allowing households to normalize their financial obligations, preventing household asset losses, and allowing household reentry to the formal banking system and credit access. More recently, IFC entered a capital relief transaction with Santander Bank to allocate capital to expand SME lending in Mexico. In collaboration with Sparkassen, Triple Jump, and ProNafim, IFC also published a study analyzing microcredit interest rates in Mexico. The study finds that: (a) high interest rates in the sector are derived from high operating expenses, composed mainly of personnel expenditures; (b) the lending group methodology is more effective in serving microentrepreneurs linked to the commercial sector; and (c) the need to promote individual lending to complement the current product offering, as well as promoting innovation and technology.	sustainable. Regulatory oversight is needed to compensate for lending excesses and over indebtedness in the microfinance sector. Effective regulatory reform will support improvements in credit risk assessment, strengthening credit bureaus, controlling aggressive lending practices, and educating borrowers without constraining the benefits of microfinance for financial inclusion. (c) If expansion into new lending products is undertaken and the client has limited or unsuccessful experience, IFC should consider providing advisory services to help with the implementation of the product and to enhance the potential project success.	
	IFC (d) Number of new issuers in capital markets with IFC support **Baseline**: 1 (2012)	**Mostly achieved** IFC supported *Camesa* in three long-term corporate debt issuances through the provision of partial credit guarantees.	Supporting first-time issuers in capital markets requires a strong sponsor with financial robustness, a well-defined growth strategy, and a bond structure that provides confidence to investors.	

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
	Target: 4 (2018) **Actual**: 3 (December 2017) Source: IFC project teams			
OBJECTIVE 2: Improved investment climate in target states and select infrastructure development for productive purposes **Rating**: **Mostly achieved**	(a) Number of recommended regulations, amendments, or codes adopted in SEZ states **Baseline**: 0 (2013) **Target**: 9 (2018) **Actual**: 9 (2018) Source: Activity Completion Summaries: P146293; P155528; P150476; P155064; P147308; P147382; P158466; P160599; P149267; P151210	**Achieved** The World Bank advised on nine reforms (regulations, amendments, codes) that were adopted to improve the regulatory framework, competition, and the development of the SEZ initiative in target states located in the south and southeast of the country (i.e., Campeche, Chiapas, Guerrero, Michoacán, Oaxaca, Veracruz, Tabasco, and Yucatan), as follows: *In the area of oral commercial trials:* (1) The World Bank informed the reform of the Trade Code that removed the limit on the amount for processing commercial oral trials and included a special title on the oral mercantile executive trial to allow this type of procedure to be performed orally. *On competition policy:* (2) The World Bank Subnational Markets and Competition Policy Assessment Tool (MCPAT) was piloted successfully in three states: Mexico (P147382), Oaxaca (P150476 and P155064), and Tabasco (P147308). Following successful implementation, the government enacted a decree that incorporates the tool in the national strategy on regulatory	(a) Flexibility: the flexibility of the programmatic approach model allowed the World Bank to adjust activities as the policy dialogue continued with the client. The topic of productivity, although key, was relatively new in the discussions with the government. This caused the demands to change and evolve, which was reflected in the addition of some activities and the dropping of others as the government redefined its priorities. (b) Client engagement: the importance of the client's commitment was emphasized in each step of the World Bank program. Ownership of the various projects by the government was a key factor in ensuring successful completion of the outputs. Initially, the relationship was heavily concentrated on the Secretariat of Economy, but, as time went on, the Secretariat of Finance and Public Credit positioned itself as a key partner with a high-level, demanding technical team. (c) Mix of short-term and long-term activities: as part of the productivity programmatic approach, it was important to mix short-term and just-in-time activities—mostly based on the pressing demands of the government, such as the	FINANCIAL SERVICES *Ongoing* Grain Storage and Information for Agricultural Competitiveness Project *(P160570)* IFC: APM TEC II *(31939/31939)*; Tuxpan (*32817*); Acuagranjas (*34073*); Bioparques 3 (*37826*); Citla Energy (*37179*); Red Compartida (*38474*); Solem Dos (*40374 / 40375*); Potrero Solar (*41297*) *Closed* Information Technology Development Project (*P106589*) IFC: CMSA Manzanillo (*33776*), Norson II (*37803*). KNOWLEDGE SERVICES *Closed* Productivity Democratization Programmatic Approach *(P146293)* ▪ National Competition Commission Support (*P150391*) ▪ Competition Reform in Mexico State (*P147382*) ▪ Competition Reform in Tabasco State (*P147308*) ▪ Knowledge Sharing Workshop on SEZ (*P154971*) ▪ Assessment of Baja California's Investment Policy (*P158513*) ▪ Building Shock Absorbers

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
		improvement and, through a presidential initiative in the fall of 2016, all 32 states were required to conduct an assessment to identify and eliminate subnational regulatory restrictions to competition in key sectors. Additionally, the framework of the Competition Policy Assessment Tool was embedded in a checklist developed by the National Commission on Regulatory Improvement (CONAMER) for the *Justicia Cotidiana* initiative, which is expected to support the implementation of the Reform of Three Priority Sectors that aims to improve the quality of regulations in selected economic sectors. These results complemented IFC activities on subnational doing business diagnostics and advisory. *On SEZs, the WBG informed government plans on priority regions for SEZ development and best practice on SEZ implementation (P158466 and P160599). Key results include the following:* (3) The SEZ Law (*Ley Federal de Zonas Económicas Especiales*) was published on June 1, 2016, and included provisions recommended by the WBG; (4) Draft implementing regulations incorporated World Bank's advice and were enacted as government SEZ regulations; (5) The regulations of the new SEZ Authority incorporated the World Bank's advice in line with the best practice cases of, among others, Jordan's Aqaba SEZ Authority;	just-in-time workshop on SEZ or the support of the National Competition Commission—with medium- to long-term activities, such as support for the National Institute of the Entrepreneur and SEZ implementation support. Through short-term activities, the World Bank was able to show responsiveness and create a strong relationship with its counterparts, which led to better cooperation and potentially achieving a greater impact through the advisory work in the more long-term activities. (d) Partnering with IFC and other partners: the Mexico program is a lesson in establishing the proper mix of client and partner relationships. Partnering with IFC as part of a comprehensive WBG program is an example for other programmatic approaches because it facilitates coordination with the Country Management Unit and the client, especially in those activities that require the close involvement of the private sector and private investors in the design of the program. Partnering also with government agencies is important and should be replicated in the future. For example, building a strong partnership with the National Commission on Regulatory Improvement (CONAMER) not only allowed the project to achieve the expected results, but built a model of collaboration that will allow the government to replicate the work done as part of the project in other sectors or states.	(*P154972*) ▪ Doing Business Reform Memorandum (*P162591*) ▪ Productivity Catch up at Firm Level (*P155079*) ▪ How Markets Work: Analysis using Prices (*P155080*) ▪ RAS Designing Standard Oral Commercial Lawsuits (*P155528*) ▪ RAS Support to INADEM (*P147354*) ▪ RAS Support to INADEM II (*P158402*) ▪ Oaxaca Doing Business Reform Memo (*P163166*) ▪ Subnational Doing Business in Mexico VI (*P155282*) ▪ Subnational Doing Business in Mexico V (*P145048*) ▪ SEZ Initiative Implementation Support (*P158466*) Oaxaca Regulatory Barriers to Competition (*P150476*) Oaxaca Judiciary Rapid Assessments and Action Plans (*P155064*) Supporting Mexico's SEZ (*P160599*) Mexico-Innovative Entrepreneur Forum (*P147313*) Support to the Government of Mexico on ICT (*P149267*) ▪ National Digital Strategy Policy Notes (*P164806*) ▪ RAS: IFT shared Wholesale Network (*P151210*) Fiscal and Trade Policies for Competitiveness (*P167919*)

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
		(6) The World Bank advised the SEZ Authority on the design and development of the one-stop shop to streamline the enabling environment for SEZ investors; (7) WBG recommendations were incorporated in the design of a supplier development program to be implemented in each SEZ. *On competitiveness and efficiency of SMEs:* (8) The World Bank supported the National Institute of the Entrepreneur (INADEM) to adopt the implementation of a biennial monitoring survey (i.e., ENAPROCE) to assess the impact of its programs and the evolution of productivity at the state and sectoral levels. The first results of ENAPROCE were published in 2015 and the collection of information for the second survey was completed in November 2018. The survey gathers information from SMEs on the business and regulatory environment and their knowledge regarding available government's support and funds. *On Information technology:* (9) The World Bank delivered to the government an inventory of information technology legislation identifying regulatory best practice for adapting legislation at the subnational level.	(e) The importance of timely responses: the activities involved in the World Bank engagement focused on working with the central government, but also with state governments. Several activities, such as the Competition Reform in the states of Mexico and Tabasco, the Baja California assessment, and the Oaxaca reform memo, were carried out directly with subnational authorities as the main counterparts. A key element in the success of these engagements was the capacity of the team to provide timely responses, particularly in those cases in which the activities consisted in short engagements that required rapid reactions to provide relevant advice when needed. In addition, quick responsiveness with targeted World Bank resources led, in some cases, to an important foundation for future expansion of the work funded through client resources, such as RASs.	
	IFC (b) Containers handled (20-foot equivalent unit containers,	**Not achieved** During the reporting period, IFC committed US$429.5 million in long-term financing in the port sector, of which	Future operations need to ascertain the likelihood of slower growth in throughput, competing port responses to maintain	

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
	millions/port operations) **Baseline**: 0 (2014) **Target**: 1.67 (2018) **Actual**: 0.36 (2017) Source: IFC standard indicators; annual reports; other company documents that are subject of legal agreements with IFC	US$252.5 million was mobilized. IFC financing in Lázaro Cárdenas and Tuxpan supported the development of a multipurpose terminal and a specialized container terminal, respectively. Operations started in the past two years of the reporting period (2016–17) and throughput growth in both ports were partly affected by changing global market conditions. In the case of Tuxpan, container volumes did not reach the expected amount, affecting port revenues. In the case of Lázaro Cárdenas, the IFC client (APM Terminals) started operations at the new terminal in 2017, quickly positioning itself as a key terminal on the Pacific coast, now handling around 50 percent of the traffic handled in Lázaro Cárdenas Port, and throughput is expected to continue growing. The new terminal in Lázaro Cárdenas is serving the latest generation of containerships, including post-Panamax ships, and is one of the first partially automated terminals in Latin America. IFC financing in Manzanillo port ended in May 2018 before the expansion was fully operational (in 2021). Container traffic, the main intended development outcome of the project, exceeded projections, despite trade tensions, uncertainty in the global economic outlook, and increasing competition from nearby ports.	market share, and prolonged adverse market conditions in revenue generation for financial projections.	

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
	IFC (c) Number of farmers integrated into the agribusiness value chain through projects financed by IFC **Baseline**: 5,300 (2012) **Target**: 8,630 (2018) **Actual**: 11,022 (2017) Source: IFC standard indicators; annual reports; other company documents that are subject of legal agreements with IFC	**Achieved** As of the end of 2017, Bankool exited the IFC portfolio. For comparison purposes, the actual figures include Bankool's portfolio data as of the last measurement year. During the CPS period, IFC made three new commitments with Acuagranjas Dos Lagos (fish farm), Bioparques (tomato producer), and Norson (animal protein), providing long-term financing for a total of US$35.5 million.	(a) In new investments, where clients lack environmental and social management systems and are not familiar with IFC performance standards, closer supervision during the first year could help identify and mitigate potential future shortcomings. (b) IFC should assess management capacity and adaptability carefully to ensure it is able to respond to the challenges that rapidly growing companies face.	
	IFC (d) New private sector investments facilitated by IFC through opportunities generated by the Mexican reforms **Baseline**: US$285 million (IFC's own account) and US$630 million (IFC's own account plus mobilization) (2014) **Target**: US$700 million (IFC's own account) and US$1.5 billion (IFC's	**Mostly achieved** During the CPS period, IFC invested and mobilized US$1.2 billion in four new projects to support the Mexican reforms: (a) an equity investment with the China Mexico Fund to *Altán Redes* for the deployment of *Red Compartida*, a state-of-the-art wireless broadband network. *Altán Redes* has committed to cover at least 92.2 percent of the Mexican population by 2023 with wireless broadband network; (b) Citla Energy, an equity investment with the China Mexico Fund for a new oil and gas exploration and production platform; (c) Solem I and II, the largest solar photovoltaic generation plant in the Latin America and the Caribbean region, for an installed capacity of 348	(a) Sound and complex capital-intensive projects require significant technical skills to attract adequate sources of financing, along with appropriate risk-sharing measures. In this sense, syndicated loans facilitated by and with experienced institutions provide comfort to other potential lenders. (b) The dissemination of best practices, including environmental and social standards, insurance, and technical expertise, is a valued by-product of IFC's investments in Mexico, deepening the comfort of the other financial institutions, export credit agencies, national development banks, and commercial banks involved in the proposed project in	

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
	own account plus mobilization) (2019) **Actual**: US$442 million (IFC's own account) and US$1.2 billion (IFC's own account plus mobilization) (2018) Source: IFC project and mobilization volume	megawatts; and (d) a loan for project Potrero Solar, a 270-megawatt solar photovoltaic renewable energy power plant in the State of Jalisco.	entering markets recently opened to private participation. (c) Fostering competition in a recently opened market, such as telecommunication and energy, requires expertise to identify the changes required to enable the appropriate regulatory environment. Thereafter, clear, public tendering rules and processes create a positive framework for the liberalization of the sector, allowing the mobilization of investment to change sectoral dynamics, ultimately benefiting customers with more affordable and higher-quality products and services.	
PILLAR 2: INCREASING SOCIAL PROSPERITY [SATISFACTORY]				
OBJECTIVE 3: Improved access and quality in target education programs **Rating**: **<u>Mostly achieved</u>**	(a) Gross failure rate (percent) among basic (primary and secondary) education schools in programs to strengthen school-based management *Education Reform Program* **Baseline** (2014): Primary: 1.10 Secondary: 3.32 **Target** (2018): Primary: 0.95 Secondary: 2.50	**<u>Achieved</u>** *Supplemental evidence is provided to substantiate the achievement.* As part of the quality dimension of the CPS objective, the World Bank included the gross failure rate indicator in the PLR. Although there were modest changes in failure and repetition rates as part of the World Bank's interventions, a forthcoming impact evaluation suggests improved learning, which is a better measure of education quality.[32] This has been confirmed by the IEG ICR Review No. 21752 of the Mexico School Based Management Project, which supported progress toward this outcome.	(a) Evaluating the impact of school autonomy programs on learning outcomes creates considerable methodological challenges in programs where a school's participation is voluntary because of the self-selection bias. Yet, it is essential to know whether such programs indeed help achieve the ultimate objective of improving education quality and learning outcomes. Therefore, the design of such evaluations requires careful thought from the outset. (b) Local education authorities play a key role in the implementation of federal programs. It is therefore important that state agencies have the capacity to help implement a program and that the	FINANCIAL SERVICES *<u>Ongoing</u>* IFC: Edilar (*31095*); FINAE (*31569*); UAG University (*30445*) *<u>Closed</u>* School-Based Management Project III (*P147185)* School-Based Management Project II (*P115347*) Mexico Reducing Inequality of Educational Opportunity Project *(P149858)* Compensatory Education Project (*P101369*) Third Upper Secondary Education Development Policy Lending (*P147244*) IFC: Harmon Hall (*29753*) *<u>Dropped or canceled</u>* MX Higher Education Project

[32] De Hoyos Navarro, Rafael E., Forthcoming, "School Management for Quality Education," World Bank, Washington, DC.

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
	Full-Time Schools Program **Baseline** (2014): Primary: 1.00 Secondary: 3.85 **Target** (2018): Primary: 0.92 Secondary: 3.18 **CLR updated aggregated baseline**[30] (2014-2015[31]): *Education Reform & Full-Time Schools Programs* Primary: 1.10 Secondary: 3.49 **CLR updated aggregated target** (2016-2017): *Education Reform & Full-Time Schools Programs* Primary: 1.00 Secondary: 3.26	(a) In terms of access, the World Bank's interventions contributed to increasing and ensuring access among disadvantaged students through the following: (a.i) Reducing drop-out rates: The World Bank-financed project contributed to lowering drop-out rates among participating primary and secondary schools. In primary schools, the drop-out rate fell from 3.2 percent in the 2014-15 school year to 2.6 percent in the 2016-17 school year, exceeding the project target of 2.9 percent in 2017-18. In secondary schools, the drop-out rate decreased considerably, from 5.3 percent in school year 2014-15 to 2.1 percent in school year 2017-18, greatly exceeding the 4.8 percent target for the 2017-18 school year. The school dashboard information system also allowed directors and teachers to detect students at risk of dropping out and to focus on different strategies to keep them in the system. (a.ii) Targeting direct project beneficiaries: the government adopted strict targeting criteria toward the most vulnerable	technical support extended to them is in line with local capacity needs. (c) States can adequately monitor and evaluate program performance only if they are provided with the means and incentives to report the necessary information properly. (d) Effective program implementation depends on states providing their counterpart contributions on time. (e) The use of local systems for the procurement of consulting services in countries with a strong fiduciary environment, such as Mexico, helps avoid unnecessary implementation delays caused by the application of both World Bank and country rules. (f) The potential positive effects of school autonomy can only be fully reaped if schools have the capacity to assess school performance and school challenges adequately, if a plan is devised and implemented to address these challenges effectively, and if attention is paid to providing effective training for school managers. (g) In countries with strong technical capacity, such as Mexico, development	*(P160309)* KNOWLEDGE SERVICES *Ongoing* IFC: EDUMEX (*602355*) *Closed* Knowledge Agenda of the Educational Reform in Mexico (*P164777*) Impact evaluation of Low-Cost Private School Model (*P133526*) Youth Idleness in Latin America: Quantitative and Qualitative Evidence from Mexico (*P149713*) Mexico Supporting Education Evaluation Agenda *(P150318)* Improving Skills for Enhanced Labor Market Productivity (*P128775*) IFC: Laureate Results Measurement (*600356*)

[30] As explained in Annex 2 of the PLR, this new disaggregated indicator by education program was included to (i) have a better measure of the World Bank's interventions in the education sector in Mexico and (ii) reflect the government's consolidation of national programs into two programs to strengthen school-based management: the Education Reform Program and the Full-Time Schools Program. A non-disaggregated version of this indicator was formally approved in the restructuring documentation of the School-Based Management Project III in July 2017 (Report RES23295). This review, therefore, assesses the achievement of the CPS indicator based on the updated non-disaggregated data available on the Project ICR Report No. 4512 (June 2019) and validated in the IEG ICR Review No. 21752 (September 2019). The baseline and targets were updated accordingly because of a change in the instrument used by the Secretariat of Education to collect administrative school data (i.e., *Formato 911*). The Secretariat of Education used to collect data at the beginning and at the end of the school year, and this was changed to a single data collection at the end of each school year.

[31] In Mexico, the school year is from August to July.

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
	Actual (2016-2017): *Education Reform & Full-Time Schools Programs* Primary: 1.44 Secondary: 7.84 Source: P147185 ICR Report No. 4512, June 2019 & IEG ICR Review No. 21752, September 2019	schools, including indigenous and rural schools and schools located in highly marginalized and marginalized communities. In addition, 50.0 percent of beneficiaries were women, above the project target of 48.7 percent. (b) In terms of quality, the World Bank interventions had a positive impact through the following: (b.i) Improving the management capacity of school directors. School directors significantly improved their managerial capacity, from 21 percent in school year 2015-16 to 27 percent in 2017-18, exceeding the 25 percent target.[33] This increase means that school directors can use existing resources in an effective way to provide better education services. (b.ii) Increased learning results: the project contributed to improved learning results in the short term (three years) by increasing the managerial capacity of schools and parental involvement. Based on the overall results of seven impact evaluations, learning results were better in (T1) schools, where the World Bank interventions were closely monitored and implemented directly by the federal government in coordination with the seven states, as opposed to the (T2) schools that received similar interventions	policy lending can usefully focus on those elements of reform that will benefit most from World Bank engagement. (h) Complementary technical assistance can enhance the government reform and achieve the development policy lending objectives. The provision of just-in-time technical assistance could help overcome the main obstacles faced during implementation of reform. (i) Direct support to schools works best if accompanied by targeted training to improve school managerial capacity and parental involvement. School managerial capacity in Mexico is correlated to learning results and can be improved through a sound capacity-building strategy for school directors and supervisors. (j) The World Bank plays a key role in providing technical expertise and support to ensure that impact evaluations of project activities are implemented and contribute to building and sharing evidence on relevant education topics, such as school-based management.	

[33] The managerial capacity of school directors was measured through the World Management Survey in a sample of 1,665 schools that participated in the two national education programs to strengthen school-based management, the Education Reform Program and the Full-Time Schools Program.

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
		as part of the government's national strategy to strengthen school autonomy. Student scores on language skills in T1 schools increased considerably. According to Program for International Student Assessment equivalence scales, improving mathematics scores by 0.41 standard deviations is equivalent to one additional year of education. This means that students in project beneficiary schools accumulated 1.5 months of extra schooling per year. An impact evaluation showed that the program had a positive impact on reducing dropouts and improving student learning outcomes.[34] World Bank interventions are also expected to prevent additional increments in the gross failure rate among primary and secondary schools in the short to medium run, making the achievement of the targets set likely in the future. Schools receiving direct school-based management support may be able to respond more effectively to local education challenges, including supporting students who are more prone to fail the school year. Similarly, capacity-building interventions, coupled with the collection and use of performance indicators through the school dashboard information system, help identify low performers and find strategies to improve the learning of		

[34] De Hoyos, Rafael, Marcela Silveyra, and Mónica Yañez, 2017, "La Escuela al Centro. Impacto del Programa a un Año de Implementación" World Bank, Washington, DC. World Bank unpublished note.

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
		students who exhibit a greater risk of failing the school year.		
	(b) Transition rate (percent) from primary to secondary education among graduates of schools administered by the National Council for Education Development in selected National Crusade against Hunger municipalities **Baseline:** 63 (2014) **Target:** 70 (2018) **Actual:** 70 (December-2018) Source: P149858 ISR No. 8, December 2018 and ICR Report No. 3739, June 2019	**Achieved** The Mexico Reducing Inequality of Education Opportunity Project supported progress to this outcome. The transition rate from the primary to the secondary education level in schools administered by the National Council for Education Development in selected municipalities of the National Crusade against Hunger reached the target of 70 percent (as of December 2018). This Project also contributed directly to the access dimension of the CPS objective.	(a) Holding father-only sessions on early childhood development is not sufficient to get fathers to attend. Fathers are more inclined to attend sessions together with mothers, but such sessions need to be designed with attention to the cultural and gender norms prevailing in a target area. Furthermore, sessions need to be held after working hours to increase chances of fathers attending. (b) In pairing students or poorly performing schools with tutors (the mobile pedagogical tutors' system), care must be taken to ensure that tutors can speak the local language in indigenous areas. (c) High illiteracy in marginal areas calls for tutors to be trained to assist illiterate students. (d) Engagement of parents is an important aspect of the tutoring model. Hence tutors need to make house calls on weekends to increase chances that both parents are at home, as mothers alone may be reluctant to receive a tutor in their houses. (e) Consultancy services hired by the government enhance the Project's implementation and evaluation. In future operations, the World Bank teams should consider embedding consultancy services within the main components which may result in greater government commitment to procuring the services despite budgetary restrictions.	

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
	IFC (c) Number of students enrolled in higher level institutions financed by IFC (of which female) **Baseline**: 52,000 (of which 26,000 female) (2012) **Target**: 105,000 (of which 52,000 female) (2018) **Actual**: 92,112 (of which female 47,862 female) (2017) Source: IFC standard indicators; annual reports; other company documents that are subject of legal agreements with IFC	**Mostly achieved** As of end 2017, Finem–a private financing facility for student loans–exited IFC's portfolio. For comparison purposes, actual figures include Finem's portfolio data as of the last measurement year. IFC's portfolio investments continued supporting the education sector via the provision of: (i) tertiary educational services (such as *Universidad Autónoma de Guadalajara* through its community college UNICO); (ii) quality English language classes in second tier cities in Mexico (Harmon Hall); and (iii) training materials, books, electronic media, and other financing to public sector teachers (Edilar). Enrolment in education institutions supported by IFC grew from 52,000 to 92,112 students, with a strong female participation (from 26,000 to 47,862). During the reporting period, IFC also committed US$2.6 million for Finae, a multipurpose financial company (*sociedad financiera de objeto múltiple*) specialized in university-level student loans.	Digitization of education services offering has impacted traditional classroom learning, increasing competition in the sector. Evaluating changing market trends is important to further understand the impact of technology in the targeting of potential students.	
OBJECTIVE 4: Improved access to and integration of the social protection system **Rating**:	(a) Number of PROSPERA beneficiaries who participate in social programs (of which female) **Baseline:** 465,842 (of which 0 percent women) (2014)	**Achieved** The Social Protection System Project supported progress to this outcome. 1,797,097 PROSPERA beneficiaries participated in social programs, 63 percent of which were female, as of	(a) While Bank support of the PROSPERA's conditional supports represents a small amount of the overall transfer budget in this budget category, this contribution allows the Bank to support the government in strengthening the core PROSPERA program, beyond the innovations supported by direct World	FINANCIAL SERVICES *Ongoing* MX Social Protection System Project & Additional Financing *(P147212/P164152*) IFC: Hospitaria *(30281);* Sala Uno (*33770*); Clinicas del Azucar (*40669*); Genomma Lab (*40144*); Siegfried Rhein (*42036*) *Closed*

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
Achieved	**Target:** 726,779 (of which 55 percent women) (2018) **Actual:** 1,797,097 (of which 63 percent women) (31 December 2018) Source: P147212 ISR No. 10, June 2019	December 2018.[35]	Bank technical assistance. By combining support to the core PROSPERA program and its innovations through technical assistance, the development impact is maximized. (b) Given the important innovations undertaken by PROSPERA, systematization of experiences becomes a key step to convert lessons learned into positive results for PROSPERA beneficiaries.	Support to *Oportunidades* Project (*P115067*) Social Protection in Health Project (*P116226*) Institutional Development Fund: Support to Strengthen the Micro-region (*P148819*) IFC: Centro Médico Puertas de Hierro - Health services (*26323/27603*) KNOWLEDGE SERVICES *Ongoing* Mexico Social Protection and Labor Engagement (*P163477*) ▪ RAS Studies of PROSPERA's Long-Term Results (*P167037*) - Closed ▪ Strengthening Mexico's Social Protection System for Disaster Preparedness and Response (*P166717*) *Closed* Poverty and Equity Programmatic Approach (*P156617*) ▪ Poverty and Productivity Diagnostics (*P159490*) ▪ Distributional Impacts Analysis (*P159491*) Poverty and Equity Programmatic Approach (*P133559*) ▪ Migrants (*P151724*) ▪ Gender (*P151725*) ▪ Poverty and Equity Diagnostics (*P153947*) ▪ Productivity (*P153949*) ▪ Poverty Eradication (*P153992*)
	(b) Number of PROSPERA beneficiaries who participate in productive programs **Baseline:** 14,370 (2014) **Target**: 22,402 (2018) ***CLR updated target**: 236,000 (2018)*[36] **Actual:** 318,217 (31 December 2017)[37] Source: P147212 ISR No. 10, June 2019	**Achieved** The Social Protection System Project supported progress to this outcome. 318,217 PROSPERA beneficiaries participated in productive programs as of December 2017.	Occasionally, social and productive programs available to PROSPERA beneficiaries are not of interest to them, or in some alternative cases, beneficiaries are not prepared to undertake them. PROSPERA agreed to work more closely with the social and productive programs to improve service delivery to its beneficiary population, establishing common goals and coverage indicators whenever possible.	
	(c) Number of instruments	**Achieved**	(a) Social programs are the first users and	

[35] As explained in Annex 2 of the PLR, gender disaggregated data for this indicator were expected to become available in the second half of 2017. This review includes gender information that was introduced in the Additional Finance and Restructuring of the Social Protection System Project in January 2018 (Report PAD2506).

[36] The Social Protection System Project restructuring in January 2018 adjusted the end target for this indicator upward to 236,000 beneficiaries (2018). This review assesses the achievement of this indicator based on the updated target.

[37] Numbers as of end 2018 are not available due to data availability (see P147212 ISR No. 10, June 2019).

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
	implemented for an integrated social information system **Baseline:** 0 (2014) **Target:** at least 5 (2018) **Actual:** 7 (December 2018) Source: P147212 ISR No. 10, June 2019	The Social Protection System Project supported progress to this outcome. Seven instruments for an integrated social information system have already been implemented. These include the following tools that were developed and used by Secretariat of Social Development (current Secretariat of Welfare) for more efficient targeting and report production: (a) registry of beneficiaries; (b) targeting mechanism; (c) social registry; (d) catalogue of social programs; (e) business intelligence tool; (f) data science lab; and (g) geographic information system.	clients of the integrated social information system and for that reason, it is essential that they are part of the technical and operative discussion of the design and development of the system. (b) Counting on effective planning, monitoring and evaluation systems for the implementation of social programs is a crucial element of an integrated social protection strategy.	Mexico Health Sector Support (*P161129*) Support the Strengthening of the Mexico Social Protection system (*P156025*) Social Protection System II *(P148162)* ▪ Integration of Mexico Health System (*P155777*) ▪ Studies to Support Opportunities Program (*P154124*) ▪ Unemployment Insurance (*P154122*) ▪ IMSS efficiency and effectiveness (*P149767*) ▪ Minimum Wage and Productivity (*P154663*) ▪ Regional Event on Health Promotion (*P149899*) ▪ The Social Protection Governance and Accountability (*P150408*) ▪ National Beneficiary Registry (*P154121*) Social Protection and Health (*P129698*) IMSS Efficiency and Effectiveness (*P149767*) Citizen Security in Mexico Programmatic Approach (*P148185*) ▪ Building Regional Knowledge Networks (*P159370*) Oaxaca Engagement in Mexico Programmatic Approach (*P150063*) ▪ Oaxaca Increasing Social Prosperity (*P152165*)
	IFC (d) Number of low-income patients treated by private health-care providers financed by IFC **Baseline**: 226,000 (2012) **Target**: 260,000 (2018) **Actual**: 319,873 (2017) Source: IFC standard indicators; annual reports; other company documents that are subject of legal agreements with IFC	**<u>Achieved</u>** As of end 2017, *Controladora de Servicios Médicos*, a healthcare facility, exited IFC's portfolio. For comparison purposes, actual figures include *Controladora de Servicios Médicos* portfolio data as of the last measurement year. During the CPS period, IFC committed US$6.27 million in new healthcare providers (*Sala Uno and Clinicas del Azúcar*), while committing in the pharmaceutical sector US$50 million in Genomma Lab's expansion plan, and US$160 million for the regional expansion of Siegfried Rhein.	(a) Sponsor commitment and financial support from a more mature business are key in a greenfield hospital. Such support coupled with feasible Partnership Framework Agreements adds additional comfort to the transaction's structure. (b) Even when hospitals are operated by the same company and similar business models, they can have different outcomes in terms of ramp up and mix of procedures.	

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
PILLAR 3: STRENGTHENING PUBLIC FINANCES AND GOVERNMENT EFFICIENCY [SATISFACTORY]				
OBJECTIVE 5: Improved fiscal management capacity and increased adoption of modern public financial or information management mechanisms in selected states **Rating**: **Achieved**	(a) Number of states in compliance with reporting requirements under the new Fiscal Discipline Law for Subnational Entities **Baseline**: 0 (2014) **Target**: at least 5 (2018) **Actual**: 32 (2018) Source: Website of the Secretariat of Finance and Public Credit: http://disciplinafinanciera.hacienda.gob.mx/es/DISCIPLINA_FINANCIERA/Entidades_Federativas_2018	**Achieved** As of end 2018, all 32 Mexican states comply with the reporting requirements under the Fiscal Discipline Law for Subnational Entities (*Ley de Disciplina Financiera de las Entidades Federativas y los Municipios*), which was informed by World Bank's policy dialogue and the Public Expenditure Review in 2016. The Law was approved in April 2016 and its regulations became effective in 2017. The Law establishes the general criteria of fiscal and financial responsibility that govern Mexican states, municipalities, and respective public organizations for a sustainable management of their public finances. Specifically, it established a fiscal rule for states and municipalities that links fiscal balances to indebtedness levels. This has resulted in tightening debt management practices and controls at the subnational level.	(a) Programmatic knowledge services have proved to be a useful tool for both the World Bank and the client. Bundling activities strategically under one program has allowed for greater selectivity and impact while maintaining the World Bank team's capacity to respond to requests from the government. (b) Public Expenditure Reviews are useful policy dialogue instruments in contexts in which governments are embarked on fiscal adjustment efforts. The reviews provide analytical and practical policy suggestions for orienting budget cuts and reallocations that minimize the negative effects of spending reductions or tax revenue increases. Following the Mexico review, several countries in the Latin America and the Caribbean region requested similar studies to inform their fiscal retrenchment policies. (c) There are important challenges regarding the availability of information of high-frequency cash flows at the states level in Mexico. The lack of information about cash management reflects some of the institutional capacity challenges at the subnational level. (d) Support to ongoing government efforts and specific programs are likely to be more successful than support to broader reform agenda or to new initiatives that the World Bank considers as important. The World Bank supported the government in designing and	FINANCIAL SERVICES *Ongoing* IBRD's Capital at Risk Notes Program Pacific Alliance catastrophe bond *Closed* Mexico catastrophe bonds *Dropped* Fiscal Risk Management Development Policy Lending (*P123505*) KNOWLEDGE SERVICES *Ongoing* Improving Transparency and Accountability Mechanisms in the Federal Public Administration *(P160357)* *Closed* Subnational Fiscal Topics *(P156737)* Strengthening Subnational Governments in Mexico (*P162751*) Strengthening Unplanned Prevention for Subnational Governments in Mexico (*P162975*) Oaxaca Engagement Mexico Programmatic Approach (*P150063*) Global Cat Mutual Bond Risk Model (*P111257*) RAS Strengthening Public Sector Management Systems in Mexico City *(P157558)* RAS Improving Evidence Based Policy *(P152808)* ▪ Guanajuato RAS Evidence for Policy (*P152128*) ▪ RAS Guanajuato II – Evidence for Policy (*P155477*) ▪ RAS Jalisco Evidence Policy Making (*P146483*) ▪ RAS Morelos – Evidence for

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
			implementing legislation that was already under preparation and this defined the success of the intervention. In other areas such taxation and transfers, authorities did not have plans to reform, so policy dialogue and advocacy for the need of reforms was the main form of assistance, however, authorities did not take any decision in going forward on these topics. (e) Timing of reforms during the 6-years in Mexico is critical. There are challenges to initiate or complete activities during the first and the last year of an administration.	Policy (*P157342*) RAS Veracruz Public Sector Management *(P156949)* Fiscal Challenges Programmatic Approach (*P143967*) ▪ Fiscal Challenges – Expenditure (*P151149*) ▪ Fiscal Challenges – Revenues (*P151148*) ▪ Subnational Fiscal Challenges (*P151150*) Mexico Public Expenditure Review (*P150646*) Public Sector and Governance (*P132906*) ▪ Oaxaca: Government Accounting Harmonization (*P148625*) ▪ RAS: Oaxaca Public Sector Management (*P129050*) ▪ Study on Tax Compliance in Mexico City (*P150341*) Agriculture Risk Management in Mexico (*P132987*) ▪ RAS Agricultural Commodity Risk Management in Mexico (*P131285*) ▪ Review of Agricultural Insurance Policy and Programs (*P130161*) Institutional Development Fund (IDF): Oaxaca: State's Management Capacities (*P129968*) IDF: Strengthening of Internal Control (*P120116*) IDF: Development of Professional Competencies of ASF (*P125717*) IDF: Congress Phase 2 (*P125982*) IDF: Transparency, Accountability & Efficiency in Puebla (*P144701*) Strengthening Disaster Risk Management in Mexico (*P146241*) ▪ Sovereign Disaster Risk Financing and Insurance: Evaluation and Evidence (*P153095*)
	(b) Number of states that have joined the disaster risk transfer pool proposed by the Federal Government **Baseline:** 0 (2014) **Target:** 6 (2018) **Actual**: 3 (2018) Source: Programmatic Approach and RAS Activity Completion Summaries (June 2016), and Secretariat of Finance and Public Credit reports	**Mostly achieved** The World Bank provided support at the subnational level with the aim to build Mexican states financial protection strategy against disasters. Through a RAS in Disaster Risk Management (P130848), the World Bank conducted a feasibility analysis for creating a joint financial mechanism to transfer the risk of states. Based on this analysis and in collaboration with the Secretariat of Finance and Public Credit, the states of Hidalgo, Oaxaca, and San Luis Potosí, created a pool to transfer their disaster risk to the market. Although the proposed target was established at six states, only three are participating in the pilot joint risk transfer mechanism and finalized their Disaster Risk Financing Strategies (*Estrategia de Gestión Integral de Riesgo*). Other states, however, continue developing their Disaster Risk Financing Strategies and/or are expected to acquire risk transfer/ insurance products. The Fiscal Discipline Law for	(a) Market-based subnational financial disaster risk management instruments in Mexico need the accompaniment of the Federal Government. The lack of awareness by individual states on how to access commercial insurance policies and the benefits of developing standardized hazard and disaster risk information more effectively requires that World Bank engagement be accompanied by the Federal Government. There is a deficit in the level of technical capacity in the subnational public sector that needs to be strengthen in the medium and long-run. An important missing part is a broad-based technical assistance for outreach and training. Furthermore, it is important to create the mechanisms through which the states can borrow and use the convening services of the World Bank. (b) The international dissemination of good practices has been a critical byproduct of the World Bank's work on	

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
		Subnational Entities, which was also informed by the World Bank's technical assistance, is now being used for this purpose. In 2019, a total of five states are expected to have insurance coverage, which is a requirement for the implementation of the Fiscal Discipline Law. In addition, in 2017, following the issuance of the first and second multiperil catastrophe risk bonds through the World Bank's MultiCat Program in 2009 and 2012, the World Bank issued a catastrophe bond of up to US$360 million against the losses caused by earthquakes and tropical cyclones under the IBRD's Capital at Risk Notes Program. As a result, the government received a US$150 million payout following the earthquakes on September 7 and 19, 2017. In February 2018, the World Bank also issued catastrophe bonds for the members of the Pacific Alliance, a Latin American trade bloc, consisting of Chile, Colombia, Mexico, and Peru, providing US$1.36 billion in coverage against the potential losses caused by earthquakes, of which US$260 million covers Mexico. This transaction marked many milestones. It was the largest government catastrophe bond in history, the first catastrophe bond in South America, and the second-largest catastrophe bond deal ever.	Disaster Risk Management in Mexico. The analytical approaches developed under the World Bank's programmatic knowledge and convening services showcased the experience of Mexico in a unique way. The interest of countries like the Philippines, Panama, Costa Rica, Peru, Colombia, India, and Mozambique show that the experience of Mexico can be harnessed to inform the disaster risk management strengthening process of other middle and low-income countries. This has helped establish Mexico's disaster risk financing insurance success on par with the success of its conditional cash transfers program, and it has become a leader in risk-management options in the region. From May 14-18, 2018, for example, the Global Facility for Disaster Reduction and Recovery conference on "Understanding Risk" took place in Mexico City, a global event with a participation of more than 1,000 expert participants.	Programmatic Engagement RAS in Disaster Risk Management (*P130848*) *Dropped or canceled* Improving Results-Oriented Practices in Jalisco's Public Administration (*P159504*) Strengthening of Budgeting and Revenue Management Capacity in Mexico City (*P161793*)
	(c) Number of states that have adopted at least one new	**Achieved** The World Bank provided support at the subnational level in the adoption of both	(a) Having a national counterpart that is involved in all subnational activities	

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
	recommended mechanism to improve their public financial or information management **Baseline:** 0 (2014) **Target:** at least 5 (2018) **Actual:** 7 (2018) Source: Activity Completion Summaries: P129050, P129968, P157558, P156949, P152808, P146483, P157342, P152128, P155477	public-sector management practices and open government initiatives. Through the World Bank's technical assistance, seven states adopted at least one recommendation to improve their public financial or information management systems: Oaxaca, Mexico City, Veracruz, Jalisco, Morelos, Guanajuato, and Puebla. A comprehensive diagnostic on public sector management for the State of Oaxaca (P129050 and P129968) – including recommendations for its modernization – was implemented with World Bank's support. Through RAS, the World Bank also supported public sector strengthening in Mexico City (P157558) as well as in Veracruz (P156949), and the improvement of government statistical information systems (P152808) in the states of Jalisco (P146483), Morelos (P157342), and Guanajuato (P152128 and P155477). In the State of Puebla, the World Bank supported the institutionalization of a citizen participation mechanism to improve service delivery.	facilitates the logistical and technical coordination with the subnational counterparts (for example, the National Institute of Statistics and Geography - INEGI). As part of the Programmatic Approach RAS Improving Evidence Based Policy, INEGI facilitated the contact with the state level counterparts, and provided constant guidance and support in the technical discussions at the subnational level. INEGI's regional coordinators played an important role liaising between state planning institutes and INEGI, and provided important technical support related to the national political context and technical guidelines. (b) The cost of implementing RAS recommendations will depend on how each tool is adopted and formalized, and the time dedicated to their implementation. The cost of applying these tools and recommendations in general is more about putting the human resources required, and to have public officials spend time to apply them as part of their ordinary tasks. Ideally, the adoption and formalization should build on existing platforms and technologies. (c) The impact and usefulness of the technical assistance is higher if the World Bank team is flexible in the identification and implementation of the activities, adapting to changing circumstances and responding to specific demands. Within the framework of the specific deliverables under RAS legal agreements, the World Bank needs to show flexibility in the	

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
			implementation based on the main findings of diagnostics as well as on the demands from the clients. (d) The implementation of information systems and the modifications of official procedures and normative frameworks usually take longer than RAS agreement's timeframe. (e) While the literature acknowledges the importance of public financial management systems as foundational for institutional development, measuring the direct impact of public sector interventions first on institutional efficiency and then on quality of public service delivery remains a challenge due to the lengthy and complex results chain.	
PILLAR 4: PROMOTING GREEN AND INCLUSIVE GROWTH [SATISFACTORY]				
OBJECTIVE 6: Improved capacity for low-carbon urban development **Rating**: **Mostly achieved**	(a) GHG emissions avoided or reduced in cities supported by World Bank-financed projects in energy and transport (tCO2e) **Baseline:** 58,000 (2014) **CLR updated baseline**: 0 (2014)[38] **Target:** 827,919 (2018) **CLR updated Target**:	**Partially achieved** This indicator measures GHG emission reductions directly attributable to World Bank-financed projects, converted to tCO2e. It registers an aggregate of all projected emission reductions resulting from the implementation of key energy efficiency and transport projects that contribute to improve Mexico's capacity for low-carbon urban development. (a) In the transport sector, the development of three integrated mass transit corridors (that is, bus rapid transit) under the Urban and Transport Transformation Project (UTTP) resulted in	(a) Clear scope of technical assistance activities is important for accountability. The scope of the GEF Sustainable Transport and Air Quality Project and its components, for example, were only technical assistance and studies. Its overarching objectives were at a higher level. Achieving the objectives totally relied on counterpart funding, which significantly exceeded the GEF grant amount. (b) Increased technical assistance to improve internal coordination, including with subnational entities, of the Federal Mass Transit Program (PROTRAM) was key	FINANCIAL SERVICES *Ongoing* Energy Efficiency in Public Facilities Project + Additional Financing *(P149872/P160778*) Improving Access to Affordable Housing Project (*P157932*) IFC: Green building investment across sectors: City Express (*29520*), Vinte (*26292*), through the Excellence in Design for Greater Efficiencies (EDGE) tool; Fideicomiso Hipotecario mortgage trust (FHIPO) (*39740*); CIE Auto Mexico (*40252*). *Closed* Urban Transport Transformation Project (UTTP) (*P107159*) GEF: Sustainable Transport and Air

[38] The baseline was incorrectly set at 58,000 tCO2e, which was the end target for the GEF Sustainable Transport and Air Quality Project. This review assesses the achievement of this indicator based on the correct baseline, which was zero.

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
	8,844,171 (2018)[39] **Actual:** 2,722,617 (2018) (of which 936,846– UTTP, including STAQ; 1,753,171 –Efficient Lighting and Appliances; and 32,600 – PRESEMEH) Source: P107159 ICR Report No. 4799, October 2019, World Bank calculations using project files & P114012 ICR Report No. 3622; P106424 and P120654 ISR No. 7, June 2014 & ICR Report No. 3706, May 2016; P149872 ISR No. 7, June 2019.	a lifetime emission reduction of 936,846 tCO2e. This emissions reduction level is below the expected project's end target due to Project implementation delays (see ICR Report No. 4799). Technical assistance to tackle environmental problems and to implement sustainable transport policies was also provided under the GEF Sustainable Transport and Air Quality Project (STAQ), which contributed to the GHG reduction that was achieved by two of the subprojects financed by the UTTP. The UTTP's project portfolio includes: (a) Monterrey's Ecovía (30-km bus rapid transit infrastructure and procurement of 80 natural gas high-capacity buses); (b) Guadalajara's Light Rail Transit Line 1 (procurement of 12 new trains supported); and (c) Tijuana's Integrated Transit System (23-kilometer bus rapid transit infrastructure). Complementing these interventions in the transport sector, IFC committed US$150 million to CIE Automotive, a global supplier of components for the market automotive, to support its growth in Mexico in the coming years. The loan will	to overcome slow performance of the World Bank Urban Transport Transformation Project. (c) Sometimes long project approval cycles in the transport sector are not in sync with political cycles at the subnational level; debt limits in some states and municipalities have also reduced the possibility or incentive to request resources from the World Bank. (d) Policy makers designing national programs to support urban transport are encouraged to balance requirements to ensure appropriate planning and institutional development with flexibility for subproject design by subnational governments. (e) On demand projects pose a high risk of slow or partial implementation. To mitigate this risk, the World Bank and the Borrowers are encouraged to confirm potential interested Borrowers as early as possible during project preparation. The World Bank and the Borrower are also encouraged to conduct a market assessment to properly evaluate demand and factors affecting demand, so the project can anticipate specific risks and	Quality Project (STAQ) (*P114012*) Efficient Lighting and Appliances Project + GEF (*P106424/P120654*) Mexico City Insurgentes Bus Rapid Transit System Carbon Finance Project (*P082656*) IFC: Cemex Green *(37840);* Optima Energia *(28383);* Puebla Bus Rapid Transit Line (*599589*) *Dropped* Energy for Sustainable Agricultural Development Project (*P164055*) National Integrated Solid Waste Management System Project *(P154801)* GEF: Sustainable Mobility and Clean Freight Project (*P159989*) KNOWLEDGE SERVICES *Ongoing* Gender-based violence in urban mobility and public transport (*P163705*) National Diagnosis on Solid Waste Management (*P166832*) Mitigating Climate Change to Meet Mexico's National Determined Contribution (*P162112*) Capacity Building for Carbon Capture Utilization and Storage in Mexico (*P161360*) Support for Safe School Reconstruction (*P166393*)

[39] This review introduces an updated target to (a) avoid double counting the estimated GHG emission reductions from the transport projects (UTTP and STAQ), (b) to include UTTP emissions reductions in tCO2 units; to (c) incorporate the revised targets for the Energy Efficiency in Public Facilities Project (PRESEMEH) as updated in the March 2018 Additional Finance and Restructuring Paper (Report PAD2674); and (d) to include the GHG emission avoided through the Efficient Lighting and Appliances Project. First, the actual STAQ GHG emission reductions were achieved by two subprojects financed under the UTTP. To avoid double counting, the GHG emission reductions attributable to STAQ GEF are included as part of the UTTP emission reductions. Second, this review includes estimates of the lifetime UTTP emissions converted to tCO2. Third, although the Additional Financing and Restructuring Paper for the PRESEMEH project adjusted the project's end target (2021) upward (from 462,405 tCO2e to 810,000 tCO2e), it adjusted downward the 2018 intermediate target (from 370,958 tCO2e to 225,000 tCO2) to reflect project implementation more precisely. Finally, this review includes the GHG emissions avoided through the energy-efficient equipment and services project that were not originally included in the PLR. This review assesses the achievement of this indicator based on the updated 2018 target.

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
		be used for the acquisition of machinery to increase the production capacity of parts for more efficient engines and lighter and more electric vehicles. This modernization is expected to contribute to reducing the energy consumption of manufacturing operations by at least 20 percent, which will generate less GHG. (b) In the energy sector, combined IBRD/GEF support expanded the use of energy-efficient equipment and services and resulted in the reduction of 5,074,000 tCO2e from 2010 to 2014, of which 1,753,171 tCO2e were reduced during the first six months of the CPS period (December 2013 to June 2014). In addition, by May 2019, the lifetime GHG emission reductions directly attributable to the Energy Efficiency in Public Facilities Project (PRESEMEH) (former Municipal Energy Efficiency Project) amounted to 32,600 tCO2e. These correspond to the lifetime GHG emission reductions of two street lighting subprojects: Leon (which started operation in March 2018), and Miguel Hidalgo (September 2018). By the end of 2019, the expectation is that Projected lifetime GHG emission reductions attributable to the Project will amount to 94,168 tCO2, with four other subprojects becoming operational. These achievements fall short of the target set for FY19 in the PRESEMEH. The main reasons for the shortcoming are the longer timeline needed to sign the Energy Savings Agreements for each subproject	include mitigation measures. (f) Promotional campaigns can be effective in National Energy Efficiency Programs. An active and sustained promotional program in building awareness of the importance of energy savings using the national communications media in conjunction with household to household consumer visits by appliance suppliers proved to be effective in bringing about a change in the way Mexico's population consumed energy. (g) Innovative procurement strategy can aid in making more efficient use of IBRD resources. In the case of the Efficient Lightning and Appliances Project, for example, the awarded contractor was responsible not only for supplying compact fluorescent lamps but also for distributing them through major retail stores, collecting, and disposing the replaced incandescent bulbs. This approach allowed bidders to benefit from economies of scale.	*Closed* Programmatic Approach for the Agenda on Sustainable Transport (*P164937*) Mexico's Conceptual Framework for National Strategy on Food Loss and Waste (*P166668*) Social Risk Management and Benefit Sharing Analysis for Wind Power Sector in Oaxaca (*P161977*) Mining/Contaminated Sites (*P162799*) Mexico Informal Transit Reform Support (*P156729*) RAS Federal Urban Transport Policy (*P119024*) Urban Transport Sector MOU (*P117624*) Greening Electricity Generation (*P132533*) Energy Consumption and Income (*P150097*) Southern States Sustainable Development (*P116549*) Social Impacts of Climate change (*P112024*) Urban and Housing (*P147899*) ▪ RAS Housing Policy & Housing Finance (*P150380*) ▪ Urbanization Review (*P133243*) Greening Mexico's Electricity Generation by Internalizing Externalities (*P132533*) Tool for Rapid Assessment of City Energy (TRACE) Model in Pilot Cities in Latin America (*P133060*) Urban Environmental Services Programmatic Approach (*P149131*) ▪ Acapulco Water Supply and Sanitation/ MX Urban Environmental Services (*P146961*) ▪ Addressing Contaminated Sites (*P150675*) ▪ Institutional Work on

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
		with different municipalities (process needing to be catered to each municipality, short administration periods, and changing administration) combined with longer timelines for the execution of each subproject.		Environment Safeguards (*P147194*) ▪ RAS Management Plan for Cutzamala Water System (*P150092*) ▪ RAS Phase II: Cutzamala (*P157058*) ▪ Solid Waste Mgmt (*P147311*) RAS Connectivity Plan for Mexico City (*P157212*) *Dropped* Partnership for Market Readiness (PMR) *(P129553)* Reform of the Federal Support Program for Mass Transit (*P165724*)
	(b) Number of large and intermediate cities using the Municipal Energy Diagnostics Tools developed by the World Bank (this is, the Climate Action for Urban Sustainability toolkit (CURB) and the Tool for Rapid Assessment of City Energy (TRACE)) **Baseline**: 2 pilot cities (2013) **Target**: 42 additional cities (2018) **Actual**: 35 cities (2018) Source: World Bank	**Mostly achieved** The World Bank supported the Secretariat of Energy in the implementation of two energy diagnostic tools in supporting climate, energy, and sustainability planning efforts at the local scale (this is, CURB and TRACE[40]). As of end 2018, municipal energy diagnostics using tools developed by the World Bank were deployed in 35 additional Mexican municipalities and 12 other municipalities participated in a CURB capacity building training organized under the Efficiency in Public Facilities Project (PRESEMEH) in April 2018[41]. While this achievement falls short of the 2018 target, it should be noted that (a) it is the largest number of cities in any country using World Bank tools for Municipal Energy Diagnostics; and (b) the CURB training sets the stage for municipal energy diagnostics to be developed for participating municipalities.	(a) Because TRACE is relatively simple and easy to implement, it also means that its analyses are somewhat limited. For example, it may identify streetlights as a priority in terms of potential energy savings, but it does not detail the costs to carry out rehabilitation projects. Thus, even if the energy-saving potential is considered high, the costs may be even higher, and investments may not be viable. (b) Although TRACE focuses on the service areas for which the city is responsible, the tool cannot factor in the institutional/legislative mechanisms that may be needed to launch specific energy efficiency actions. (c) Trust funds resources can enhance the operation: the first TRACE diagnostics were prepared with support from the GEF financing through the World Bank's	

[40] These include (a) TRACE, a decision-support tool designed to help cities quickly identify under-performing sectors, evaluate improvement and cost-saving potential, and prioritize sectors and actions for energy efficiency intervention; and (b) the Climate Action for Urban Sustainability (CURB) toolkit, which is designed to help guide cities through the process of planning and implementing a range of interventions to reduce energy use, save money, and cut local GHG emissions.

[41] Initially, the World Bank supported the Secretariat of Energy in implementing TRACE in 32 municipalities (one in each state). The diagnostics were prepared from September 2014 to May 2015 with the support of GEF financing from the World Bank's Efficient Lighting Project (P106424). The cities were selected by the Secretariat of Energy with support from the Institute of National Support to Federalism and Municipal Development as part of a pilot on where to start the national municipal energy efficiency program supported by the World Bank through the Energy Efficiency in Public Facilities Project (PRESEMEH) (former Municipal Energy Efficiency Project, P149872). Municipal energy diagnostics using tools have since been deployed in additional states through PRESEMEH.

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
	reports and P149872 ISR No. 7, May 2019		Efficient Lighting and Appliances Project.	
	IFC (c) Number of projects with certification in Excellence in Design for Greater Efficiencies (EDGE). **Baseline**: 2 (2012) **Target**: at least 5 (2018) **Actual**: 4 (2017) Source: IFC project counts	**Achieved** IFC contributed to the final certification of four projects: (a) two attributable to Vinte, an IFC investment in the State of Mexico, and (b) two other final certifications in the State of Veracruz. IFC has also advised the National Housing Commission in strengthening housing policy by (a) updating the Code of Construction of Housing and (b) preparing its implementation guide. This has been complemented by the World Bank's Improving Access to Affordable Housing Project. The project has already helped 17,405 low-income beneficiaries purchase their first new or existing housing unit and aims to catalyze the development of well-located affordable housing projects in municipalities across the country through the financing of technical studies for urban planning. Both initiatives are focused on increasing the sustainability of the housing sector and have successfully complemented each other as they aim to strengthen the housing regulatory framework. During the reporting period, IFC also committed US$107 million to *Fideicomiso Irrevocable* F/2061 (*Fideicomiso Hipotecario*, the first mortgage real estate investment trust in the country), making a comeback in the housing sector. Half of	(a) Monitoring energy efficiency laws and requirements is required for the design and recommendation of corrective actions or for assessing market entry, as there are significant variations at the municipality level. (b) In projects on Excellence in Design for Greater Efficiencies, utility cost reduction is predicted, allowing the developers to promote the green building case between their buyers and tenants and to home/building owners to directly receive the economic benefits. (c) The advisory project with the National Housing Commission has created lessons learned and good practices for replicability in Latin America and the Caribbean and around the world. (d) The advisory project with the National Housing Commission has supported the development of IFC's advisory and investment services in green building regulations, mitigation measures against climate change, development of sustainable cities and certification standards for sustainable construction, with private sector and national government involvement. (e) Programmatic knowledge services have been effective in providing a flexible multiannual framework that integrates several types of support under one umbrella objective. For example, an in-	

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
		IFC's commitment will be dedicated to funding mortgages with high energy savings potential that qualify under IFC's Green Buildings eligibility criteria.	depth urbanization review financed through World Bank budget, followed by a RAS on options for low-income housing and urban planning led to the request for investment financing in the housing sector.	
OBJECTIVE 7: Improved sustainable management of key natural resources (that is, forests, biodiverse areas, water, and combined renewable energy) **Rating**: **Achieved**	(a) Forest area under sustainable management practices and conservation schemes (hectares) **Baseline**: 3,860,331 (2014) **Target**: 4,500,000 (2017) **CLR updated target**[42]**:** *(2017): 4,000,000* **Actual** (2017): 3,935,984 Source: P123760 ICR Report No. 4321, August 2018 & IEG ICR	**Achieved** The Forest and Climate Change Project supported progress on this objective. The total area of forests managed by Communities and *Ejidos* under sustainable management practices (e.g., payment for environmental services, community forestry, and productive chains) doubled during project implementation, and at project completion, this area represented 3,935,984 hectares (2017), a significant increase of 1,833,358 ha compared with the 2,050,626 hectares Project's baseline (2012) and above the CPS baseline of 3,860,331 hectares (2014). Achievements in 2016 (4,448,308 hectares) and 2015 (4,001,687 hectares[43]), were above the CPS target.	(a) Importance of complementary financing sources. The Mexico Program on Forests and Climate Change represents the largest and most ambitious World Bank engagement on forests today. By accessing complementary financing sources (IBRD, trust funds, climate finance), the World Bank was able to (i) pilot an innovative approach at the territorial level that fosters multi-sectoral coordination (Forest Investment Program and Forest Carbon Partnership Facility); (ii) provide a strategic platform for engagements on sustainable and low-carbon rural development; and (iii) enhance impact on the ground by combining various instruments (analytical, investment, performance based). (b) Importance of fostering inter-institutional linkages. Given the project's	FINANCIAL SERVICES *Ongoing* Oaxaca Water Supply and Sanitation Sector Modernization Project (*P145578*) GEF: Sustainable Energy Technologies Project *(P145618)* GEF: Sustainable Productive Landscapes Project (*P159835*) Dedicated Grant Mechanism for Indigenous Peoples and Local Communities Project (*P151604*) Strengthening Entrepreneurship in Productive Forest landscapes Project (*P164661*) IFC: Proteak (*31195*); Puertas Finas (*33550/36529*); EDF La Ventosa (*28070*); Comemsa (*30229*); Solem Uno (*40372 / 40373*); Solem Dos (*40374 / 40375*); Potrero Solar (*41297*) MIGA: Ciclo Combinado Tierra Mojada (*13880*) *Closed* GEF: Coastal Watersheds

[42] As explained in Annex 2 of the PLR, the baseline and target for this indicator were adjusted to reflect the new methodology to avoid double counting, that is, the same forest area being counted twice if more than one support is given for that area, and to reflect more precisely the project-supported forest management programs and practices being evaluated. This new indicator was expected to be formally approved in a restructuring of the Forests and Climate Change Project by the end of 2016. This review assesses the achievement of this indicator based on the end target value that was adjusted downward to 4,000,000 hectares in the restructuring paper that was approved in January 2017 (Report RES21441, "Revised Project Development Objective Indicator 1"). The original baseline for this CPS indicator was 163,000 million hectares, with an end-target of a 10 percent increase, but, by late 2014, the target had already reached 20 percent, surpassing the end-target estimate by 100 percent. By implementing these clarifications, the revised CPS indicator's target value was increased from a 10 percent (original CPS end target) to a 95 percent (CLR end-target).

[43] These end-of-project values are not cumulative. Values are not carried over to the next year if the managed area does not remain under a sustainable management program. Thus, only actual valid areas are accounted for.

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
	Review Report No. 4321, November 2018		multi-sectoral nature, in which the underlying factors of deforestation and degradation often include the profitability of other land uses and land use change related to agriculture and livestock, the World Bank sought collaboration with key public agencies in the rural sector (National Forestry Commission, Secretariat of Agriculture, National Commission for the Knowledge and Use of Biodiversity). (c) Fostering transformation and social cohesion requires significant technical support. Communities and *ejidos* required close technical assistance to ensure they received the full benefits of project support, to improve their production processes, enhance restoration efforts, and access markets, among others. (d) Having in place robust monitoring and evaluation mechanisms from the outset helps ensure smooth and effective implementation. The World Bank-financed projects benefited from specialists of the Food and Agriculture Organization of the United Nations, who were brought in early and helped strengthen the quality of evaluation work.	Conservation Project (*P131709*) GEF: Sustainable Production Systems and Biodiversity Project (*P121116*) Forests and Climate Change SIL Project *(P123760)* Sustainable Rural Development Project & Additional Financing (*P106261, P108766*) GEF: Adaptation to Climate Change in Coastal Wetlands Project *(P100438)* Water Sector Efficiency Improvement Program (*P121195*) MOMET for Improved Climate Adaptation Project (*P126487*) Wind Umbrella Project (La Venta II) (*P080104*) GEF: Large Scale Renewable Energy Development Project (La Venta III) (*P077717*) Integrated Energy Services Project & GEF (*P088996/P095038*) Solar Thermal Agua Prieta Project (*P066426*) IFC: EURUS (*28434*); Aura Solar (*32871*) *Dropped* Water Supply Service Improvement Project (SACMEX) (*P154998*) Energy for Sustainable Agricultural Development Project (*P164055*) KNOWLEDGE SERVICES *Ongoing* IFC: Baja California storage study *Closed* Strengthening Water Security and Resilience in Mexico (*P162473*) Forest and Climate Change: (*P160730*) ▪ Mexico Payment for Env. Services Scheme: A
	(b) Area brought under enhanced biodiversity protection (hectares) **Baseline**: 0 (2013) **Target**: 1,134,500 (2018)	**Achieved** With support from two GEF projects, the World Bank supported the government's efforts to enhance sustainable land use and to mainstream biodiversity-friendly management practices. During the CPS period, more than 1.8 million additional hectares were added under enhanced biodiversity protection.	(a) Complex institutional implementation arrangements can have a negative impact on project implementation. In the Adaptation to Climate Change in Coastal Wetlands (P100438), the involvement of many agencies and a relatively small sized amount of funds led to little commitment by the agencies resulting in	

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
	Actual: 1,829,666 (2019) (of which 81,462 hectares of the Sustainable Production Systems and Biodiversity Project and 1,748,204 hectares of the Coastal Watershed Conservation in the Context of Climate Change Project) Source: P121116 ICR Report No. 4649, June 2019 & IEG ICR Report No. 21758, November 2019; P131709 ISR No. 12, June 2019 and draft ICR Report No. 4848, October 2019	Under the Sustainable Production Systems and Biodiversity Project, 81,462 hectares of production landscape in selected biological corridors were brought under biodiversity-friendly practices. These areas comply with social and environmental standards in a way that respects civil and indigenous rights, maintains or enhances social and environmental conservation values, prohibits highly hazardous pesticides and invasive planting, among others. Under the Coastal Watershed Conservation in the Context of Climate Change Project, the World Bank supported biodiversity conservation in protected areas, achieving the end project target with a total of 1,748,204 hectares of consolidated protected areas.	implementation delays. (b) Community involvement is critical for the successful implementation of local adaptation measures. Community participation was important throughout World Bank-financed projects' implementation but will also be critical for the sustainability of the implemented activities. (c) Government counterpart budget availability and associated risks for project viability need careful assessment during project preparation in Mexico. Federal budgetary regulations do not guarantee earmarking of national resources for specific secretariats beyond one year. Thus, secretarial commitments need to be weighed against the current and future fiscal climate and consider the impact on projects of events such as elections. (d) Productive practices constitute a central tenet of environmental sustainability and biodiversity conservation. As much of the land needing to be brought under sustainable management to prevent further degradation involves economically active agents living off this land, economic viability needs to be integrated with environmental factors. It is recommended that the economic motives for gaining a price premium from a segment of consumers willing to pay for high quality, differentiated products with environmental attributes and good quality control, be made very clear to producers. (e) A notable compilation of a detailed	Retrospective Evaluation (*P156100*) ▪ Gender-informed Low Carbon Rural Development (*P166743*) Water Sector Adaptation Technical Cooperation Program (*P122166*) LC1: Access to Green Climate Fund (*P159062*) Latin America and the Caribbean Outreach for Climate Legislation (*P149030*) Integrated Management of Agriculture Output (P158258) Environmental and Climate Change Policies Programmatic Approach (*P146340*) ▪ Baseline for Sectoral GHGs Offsets (*P148281*) ▪ Cross-sector Climate Change & Environmental Management in Key Economic Sectors (*P148278*) ▪ Green and Inclusive Growth in Yucatan Peninsula (*P148277*) ▪ Green Inclusive Growth in Hidalgo (*P148273*) Cutzamala, RAS Phases I & II (*P157058*) Mexico Global Partnership on Output-Based Aid (*P125716*) MX Sustainable Development Strategy to the Municipality of Othon P. Blanco (*P122021*) National Center for Hydrocarbons Information (*P151415*) Mexico: Supporting a Low-Carbon Economy *(P150562)* ▪ Renewable Energy (*P164892*) ▪ Environment Support to Hydrocarbon Agency (*P153340*) ▪ Gas Flaring Reduction in Mexico (*P147906*) ▪ TF Carbon Capture, Utilization & Storage (*P131200*)

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
			description of the rich sources of learning from protected areas, sustainable forest and land management, and inter-institutional coordination projects is the Independent Evaluation Group's report Managing Forests Resources for Sustainable Development.[44]	Gas Utilization and Flare Reduction (*P132506*) IFC: Sustainable Energy Finance Mexico (*583007*); La Huerta – co and tri generation feasibility evaluation (*600505*); Rassini – energy efficiency and waste heat recovery evaluation (*600505*); Puertas Finas -Resource Efficiency (*600332*) *Dropped* Cutzamala, RAS Phase III (P161224) Extractives Value Chain: Strategic Positioning (P158672)
	(c) Number of water utilities whose global efficiency increases by 2 percent **Baseline**: 0 (2010) **Target**: 5 (2016) **Actual**: 8 (2016) Source: P121195 ICR Report No. 3923, February 2017 & IEG ICR Review Report No. 20653, May 2017; ACS P162473; P145578 ISR No. 11, September 2019	**Achieved** The Water Efficiency Improvement Program supported progress to this objective. The global efficiency (encompassing both physical and commercial efficiency) of eight water utilities increased by 2 percent at project closure. This exceeded the target of five water utilities. Through Programmatic Advisory Services, the World Bank also supported key Mexican institutions, in particular the National Water Agency (CONAGUA), to address water security and resilience through financial and technological innovations and new planning approaches in line with the National Water Plan. In addition, the World Bank has supported 19 water utilities to improve the quality and sustainability of water supply in selected urban areas in one of the poorest states of Mexico through the Oaxaca Water Supply and Sanitation Sector Modernization Project.	(a) Project design needs to consider the limitations in the legal framework to introduce innovative delivery mechanisms (such as Output-based disbursement) to ensure Borrower's Ownership. (b) When launched on a large scale, World Bank-financed projects should be sufficiently structured to prioritize investments for achieving the best results. (c) Utility performance improvements require investments across multiple types of efficiencies. Well performing utilities can achieve better results with the same level of funding as other utilities. (d) The World Bank's added value for countries with high capacity is in bringing global best experiences and practices to improve sector performance. (e) To advance innovative approaches that require small-scale procurement, the World Bank could consider more flexible procurement rules with higher thresholds that promote efficiency without compromising quality.	
	(d) Power generated	**Partially achieved**		

[44] See "Managing Forest Resources for Sustainable Development," World Bank, Washington, DC, https://ieg.worldbankgroup.org/evaluations/managing-forest-resources-sustainable-development.

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
	from renewable sources supported by WBG projects (that is, eolic, solar, combined, biomass) (gigawatt hours) **Baseline**: 1,005 (2014) **Target**: 3,838 (2018) **Actual**: 2,482 (2018) *(of which 221.62 – Sustainable Rural Development; 1,311.38 – La Venta III, and 949 – IFC investments)* Source: P106261/P108766 ICR Report No. 4492, December 2018 & IEG ICR Review No. 21504, May 2019; P066426 Federal Electricity Commission Final Project Report 2018; P088996 and P095038 ICR Report No. 3814; IFC renewable energy Investments (gigawatt hours); P066426 ICR Report No. 4030, May 2017 & IEG ICR Review	The WBG promoted the use of renewable energy sources such as wind, solar, combined, and biomass through a combination of IBRD loans, GEFs funds, and IFC investments during the CPS period. (a) Through the Sustainable Rural Development Project, 1,989 agribusinesses adopted low-carbon intensity technologies, resulting in (a) 382.14 gigawatt hours of energy saved from the adoption of energy use efficiency practices and (b) 221.62 gigawatt hours produced from biomass above the Project targets. (b) The World Bank supported the development of the first large-scale wind energy plant in Mexico (*La Venta* II, P080104) and the first wind independent power producer plant connected to the Federal Electricity Commission grid (*La Venta* III, P077717). During the CPS period, *La Venta* III supplied 1,311.38 gigawatt hours to the national system (January 2014 to August 2018.45 (c) Through the Solar Thermal *Agua Prieta* Project (P066426), the World Bank supported the government efforts to demonstrate and encourage replication of solar combined cycle system power generation technology (i.e., 14-megawatt	(a) Role of Carbon Finance in helping promote wind power development. The availability of Carbon Finance played a catalytic role in stimulating a remarkable growth in Mexico's wind energy potential over a 10-year period, 2007-2016. *La Venta* II provided an important signal to investors regarding the government's policy commitment to developing the country's renewable energy potential. (b) Importance of Ensuring Adequate Technical Capacity for Initial Wind Power Development. *La Venta* II wind power development was Mexico's first, large-scale wind energy plant. Given the operational difficulties experienced with the plant during the initial years of operation, the capacity needs of this project were underestimated. (c) Good practices in the supervision of environmental and social safeguards. Regarding environmental safeguard concerns, the monitoring of bird and bat mortality was first tested in *La Venta* II; monitoring adjustments were then made later, based on the collective experience acquired during operation of both *La Venta* II and III wind farms. In regard to social safeguards, the Federal Electricity Commission maintained close relations throughout implementation with the local landowners (*ejidatarios*). An informal but effective system was put in place to deal with complaints and yearly compensation	

[45] Of which 581.03 megawatt hours (August 2016 to August 2018) were estimated using the average monthly energy rate (23.24 gigawatt hours) since project commissioning (October 2012) until ICR approval (July 2016).

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
	No. 20786, October 2017.	solar field and a 394-megawatt thermal plant). (e) In addition, through combined IBRD and GEF resources (Integrated Energy Services Project – P088996/P095038), 36 centralized solar farms were installed, bringing electricity to 2,235 remote, rural households. Specifically, 2,257-kilowatt hour of new renewable capacity was installed, equivalent to less than 40 percent of the Project's target. (f) IFC's investment in Eurus delivered 949 gigawatt hours to the electric grid, meeting the off-taker minimum production requirements. However, investments in Aura Solar and La Ventosa did not realize the expected generation due to extreme events (Hurricane Odile), and equipment failures. During the reporting period, IFC also committed: (a) US$46.7 million in Solem I and II, the largest solar photovoltaic generation plant in Latin America, for an installed capacity of 348 megawatts in two projects; and (b) US$113 million in Potrero Solar, a 270-megawatt solar photovoltaic renewable energy powerplant in the State of Jalisco. As of end 2017, Eurus, Aura Solar, and La Ventosa exited IFC's portfolio. For comparison purposes, actual figures include these former clients' portfolio data as of the last measurement year.	fees were paid to the landowners for the use of their land. (d) Additional time may be required for projects with innovative technology. Such projects cannot be treated as conventional infrastructure projects. Additional time for completing these types of projects is needed to handle all the complications that may be encountered along the way, even for sophisticated client countries like Mexico. Specialized staff may need to spend a significant amount of time dealing with revision of procurement-related issues. (e) Simultaneous learning from similar demonstration projects could help mitigate the associated high risks. Demonstration projects carry high implementation risks (e.g., Solar Thermal *Agua Prieta* Project). Lessons learned must be incorporated at every stage of the project. The GEF's portfolio approach supported the simultaneous implementation of four similar demonstration projects around the world (including Mexico), which allowed just-in-time learning. (f) An assessment of communities' capacities as suppliers helps the clients factor in availability, price, and quality of critical production components, or take appropriate measures to increase communities' business skills on a stand-alone basis or through a joint venture with a World Bank ongoing project, as noted by the Independent Evaluation Group.	

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
		Through advisory services, IFC also reviewed key features of the energy legislation and regulation with the government; and provided bankability comments to the clean energy auction and transmission line build, operate, transfer contracts throughout the applicable public consultation periods.	(g) Issues of budget sufficiency and certainty in Mexico need upstream analysis, consultation with key project authorities, and planning. The issue is how to ensure regular and adequate budget for the project duration, a constraint affecting the entire World Bank portfolio in Mexico, magnified in times of fiscal austerity. Options in the Mexican energy sector might include using the Fund for Energy Transition and Sustainable Energy Use (FOTEASE), a Secretariat of Energy trust fund which permits multiyear budgeting and earmarked funding for renewable energy and energy efficiency interventions, although the FOTEASE budget must still be approved by the Secretariat of Finance and Public Credit. (h) The use of public sector financing, and incentives/subsidies to leverage private financing for energy technology adoption in agriculture is justified. Given the magnitude of the agriculture and agribusiness sectors in Mexico, adoption of renewable energy and energy efficiency technologies can have a massive impact on the environment, on national targets for renewable energy, and on climate change mitigation.	
	(e) GHG emissions avoided or reduced from renewable sources supported by WBG projects (that is, eolic, solar, combined, biomass) (tCO2e)	**Achieved** This indicator measures lifetime GHG emission reductions directly attributable to World Bank-financed projects, converted to tCO2e. It registers an aggregate of all projected emission reductions resulting from the	(a) Longer term environmental and social impacts of wind energy development. An unintended impact of both *La Venta* III and *La Venta* II were that the beneficiaries (that is, *ejidatarios*), of compensatory payments for land use have started engaging in new economic activities,	

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
	Baseline: 594,973 (2014) **Target**: 4,500,000 (2018) **Actual**: 6,831,907.9 (2018) (*of which 6,021,967 – Sustainable Rural Development; 809,120 – La Venta III; and 820.93 – Hybrid Solar)* Source: P106261, P108766 ICR Report No. 4492, December 2018 & IEG ICR Review No. 21504, May 2019; P077717 ICR Report 3965 and World Bank calculations; P066426 Federal Electricity Commission Final Project Report; P088996 and P095038 ICR Report No. 3814	implementation of key wind, solar, combined, and biomass projects: (a) Through the Sustainable Rural Development Project and GEF (P106261, P108766) 1,989 agribusinesses adopted low-carbon intensity technologies such as energy efficiency and biodigesters, resulting in a reduction of 6.02 million tCO2e, above the Project target of around 2 million tCO2e.[46] (b) The GEF Large Scale Renewable Energy Development Project (*La Venta* III) (P077717) avoided 809,120 tCO2e during the CPS period (January 2014 to August 2018).[47] (c) Through the Solar Thermal *Agua Prieta* Project (P066426), the World Bank supported the government efforts to demonstrate and encourage replication of solar combined cycle system power generation technology. During its first eight months in implementation, the Project reduced 820.93 tCO2e (January – August 2018). (d) In addition, through combined IBRD and GEF resources, (i.e. Integrated Energy Services – P088996/P095038), 36 centralized solar farms were installed,	which is affecting the local environment. There is a need now to find ways to monitor more closely these longer-term impacts. (b) Importance of building up a national capacity to oversee the development of the country's wind potential. The development of a country's renewable energy potential requires that governments also build up in parallel a policy and regulatory capacity to oversee such a development. It may also require that the national power company builds up a technical and operational capacity to develop and generate energy from its wind resources in parallel with private sector investors. (c) Flexibility is key to respond just in time to changing needs. The government proceeded without significant external financial support to establish the needed tariff incentives, renewable energy law, and broader policy framework to encourage the development of Mexico's renewable energy potential. Since this reform process was rapid, some of the World Bank's projects originally planned technical assistance activities became unnecessary. (d) Rural electrification projects usually provide a complex challenge, requiring design of a practical delivery mechanism,	

[46] The overachievement in GHG emissions reduced derived in part from the type of technologies supported by the project (i.e., biodigesters, a technology with much larger reduction of emissions than other types of subprojects).

[47] Of which 358,496 tCO2e (August 2016 to August 2018) were estimated using the average monthly emissions reduction rate (14,339 tCO2e) since project commissioning (October 2012) until ICR approval (July 2016).

CPS Objective	CPS Objective Indicators	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
		resulting in 139,000 tCO2e per year (this was short of the original Project target of 241,000 but it compared well with the national reduced target of 112,000 tCO2e).	while ensuring that appropriate legal and institutional frameworks are in place. The lack of a sound implementation mechanism at the outset can result in the project being derailed by unforeseen risks, such as the impact of political cycles at federal and subnational levels. (e) Energy technology innovation projects in the agriculture sector need to factor in both demand and supply. Promoting agribusiness buy-in and adoption is just one side of an equation involving multiple, parallel development streams. Similar projects should factor in: market development; supportive, flexible project procurement which can help to establish technical, price, and quality standards; technical assistance and training focused on the installation, operation and long-term sustainability of systems. (g) Building a culture of monitoring and evaluation in key institutions is as important as executing the designed agenda. This is especially true of impact evaluation, which has an uneven track record in Mexican public institutions and needs concerted attention in projects. World Bank's Development Impact Evaluation unit and other specialists from the earliest stage of a project can build understanding of the objectives and methodologies of impact evaluation starting with baseline and control group formulation.	

Annex C. Gender Interventions in Mexico

1. **During the CPS period, gender considerations were mainstreamed into the portfolio**. According to the Mexico Country Gender Scorecard (December 2018), between FY14 to FY16, 100 percent of projects for Mexico were gender-informed (i.e., incorporated gender in at least one of the three dimensions: analysis, actions, and monitoring and evaluation). This compares to 84 percent at the regional level during the same period. In FY17, two of three projects were gender-tagged[48] and in FY18 it was only one of three projects that was gender-tagged. WBG engagements also incorporated gender specific actions and targets to help increase equality and well-being of women. Several projects incorporated a gender perspective in their project indicators and others started tracking indicators during its implementation as specific needs to measure impact and benefits for women arose (see Table C.1).

2. **The World Bank program focused on women's financial inclusion.** Two good examples are the Rural Savings and Credit Sector Consolidation and Financial Inclusion Project that increased women's access to financial services in rural areas; and the Expanding Rural Finance Project which aims to expand the availability of finance to the rural economy, particularly to women. Through the first project, one million beneficiaries got access to credit, of which more than half were women (59 percent), 29 percent came from indigenous regions, 57 percent were in high or very high marginalized areas, and 50 percent lived in rural towns with less than 2,500 inhabitants[49]. Three years into implementation, the Expanding Rural Finance Project has also provided access to credit for 149,389 underserved microenterprises and SMEs in Mexico's rural areas, of which 86 percent of credit recipients are women. This is partly due to the female-oriented policies implemented by the Rural Financial Development Institution (*Financiera Nacional de Desarrollo*), including, for example, a capped interest rate for female beneficiaries of their small-producers program. These policies will continue to be implemented during the life of the project, during which it is expected that the number of female beneficiaries will continue to grow.

3. **The World Bank supported the government's efforts to promote women entrepreneurs.** The World Bank partnered with the National Institute of the Entrepreneur to design and evaluate an impact evaluation of Women Moving Mexico, its first national program to promote women entrepreneurs. This pilot program was: (a) implemented through a local nongovernmental organization, Social Entrepreneurs Community (CREA in Spanish), specializing in providing services to women entrepreneurs; (b) launched in five states (Aguascalientes, Guanajuato, Mexico City, Queretaro, and the State of Mexico); and (c) assisted close to 2,000 women providing a mix of hard managerial skills (business training) and soft skills (personal initiative training). The impact evaluation shows a significant increase in managerial capacities, weekly profits, weekly sales, formalization and access to finance, and salaried expectation in the formal labor of women beneficiaries. In terms of cost-effectiveness the increase in weekly profits is such that the program pays itself after eight months – and the returns on investment vary between 74 and 648 percent. The World Bank is currently following up on the results of the first phase of the pilot program to inform government programs going forward; specifically, how to expand the sustainability and scalability of the program by: (a) assessing the willingness to pay of

[48] Prior to FY17, projects were considered gender informed if they included gender in at least one of the following three dimensions: analysis, actions, and monitoring and evaluation. In July 2016, the WBG Gender team introduced changes within the system to monitor projects from a gender perspective. Projects are gender tagged if they include gender considerations in all three dimensions.
[49] These figures correspond to the Technical Assistance Program for Rural Microfinance (*Programa de Asistencia Técnica a las Microfinanzas Rurales*) supported through the Rural Savings and Credit Sector Consolidation and Financial Inclusion Project.

female entrepreneurs for the training, and (b) if the impact of the program is higher for women willing to pay more as a possible mechanism for screening and targeting.

4. **The World Bank has also supported the government efforts to promote gender equality as a key outcome of its social protection system.** Through the Social Protection System Project, the World Bank supported the government's conditional cash transfer program, PROSPERA, to improve access to social and productive programs for women, contributing to reduce the gaps in education and health, and to foster their financial, labor, and productive inclusion. The project surpassed its target with more than one million beneficiaries that participate in social programs of which 60 percent are women.

5. **IFC systematically tracked gender through its project indicators targeting female employment, female students, and female patients reached through IFC investments.** Greater efforts are being made going forward to disaggregate all indicators by gender, where applicable. In Mexico, IFC has several projects in the health and education sectors where the portion of female beneficiaries is being tracked. Under the CPS, the IFC teams actively looked for opportunities to support women owned businesses and other projects with a gender focus. For example, IFC's client Etileno XXI made a large effort in providing jobs to women during the construction period of the project. The project is in operations and a fair number of women have retained their jobs.

6. **The World Bank conducted a gender analysis to identify traditional and behavioral barriers of Mexican rural women participation in productive natural resource management activities.** Women faces significant challenges and barriers that interfere in their ability to benefit from public programs, such is the case in the forestry sector in Mexico where less than 25 percent direct beneficiaries of the National Forestry Commission programs are women. To close the gender gap, the World Bank undertook a behavioral science gender analysis to understand how women can reap the benefits from forest landscapes through better designed demand driven programs that frame women's mother roles, improve choice architecture, and provide social recognition for women participation. The analytical findings of this technical assistance are currently being used to pilot and evaluate a behaviorally informed intervention to encourage women to sign up to programs offered under the ongoing Dedicated Grant Mechanism for Indigenous Peoples and Local Communities in Mexico Project, a US$6 million recipient executed trust fund from the Forest Investment Partnership approved in 2017. The goal is to increase the number of women who apply to the call of proposals under the Forest Investment Partnership Dedicated Grant Mechanism and to gather insights on how to empower women's active participation in other reducing emissions from deforestation and forest degradation (REDD+) related programs. Findings are also being shared and reviewed with the National Forestry Commission, to be mainstreamed under the national forestry programs and as part of the ongoing US$56 million Strengthening Entrepreneurship in Productive Forest Landscapes Project, approved in 2018.

7. **The World Bank supported the government's efforts to tackle gender-based violence in urban mobility and public transport**. The World Bank, through its Transport and Digital Development team, is studying violence against women in public transportation in Mexico. Following up on the lessons learned from a 2014 World Bank study that characterized violence against women in public transportation in Mexico City, the World Bank is currently: (a) preparing a research note to identify barriers women face to access public transport and to use active mobility alternatives, and (b) conducting in-country discussions with government officials to tackle the social and economic costs of gender-based violence on women's urban mobility, productivity, and equitable access to economic and social opportunities. The expected outcomes of this Advisory Services and Analytics program are to

enhance women's personal security in public transport and to improve government's awareness to design appropriate policies with respect to mobility in Mexico.

Table C.1. CPS gender-specific indicators by objective, as updated in the PLR

Indicator	Gender-specific target
Objective 1. Improved financial inclusion for productive purposes	
Number of new clients (persons) mainstreamed into the formal financial sector	Baseline: 7.12 million (2014) Target: 8 million (2016) Actual: 9.5 million (June 2017) One million new members were financially included through the third phase of the Regional Rural Microfinance Technical Assistance Program, of which 59 percent were women, above the 50 percent target
Number of additional microenterprises and SMEs in the rural economy with access to credit (cumulative)	Baseline: 0 (2015) Target: 22,222 (of which 60 percent [13,333] female) (2018) Actual: 118,107 (of which 86 percent [101,572] female) (December 2018)
Objective 3. Improved access and quality in target education programs	
Number of students enrolled in higher level institutions financed by IFC (of which female).	Baseline: 52,000 (26,000 female) (2012) Target: 105,000 (52,000 female) (2018) Actual: 92,112 (47,862 female) (2017)
Objective 4. Improved access to and integration of the social protection system	
Number of PROSPERA beneficiaries who participate in social programs (of which female)	Baseline: 465,842 (of which 0 percent women) (2014) Target: 726,779 (of which 55 percent women) (2018) Actual: 1,797,097 (of which 63.3 percent women) (December 2018)
Number of PROSPERA beneficiaries who participate in productive programs (of which female)	Baseline: 14,370 (2014) Target: 236,000 (of which 50 percent women) (2018) Actual: 318,217 (of which 54.5 percent women) (December 2017)

MEXICO

COUNTRY GENDER SCORECARD, DECEMBER 2018

Indicators in this scorecard measure progress across the different dimensions of gender equality (endowments, economic opportunity, agency). They show the latest country data available, comparisons of country performance and development results relative to the Latin America and the Caribbean region and their respective income level countries´ group in the same or similar year, as well as the Bank's operational progress in integrating gender into the country´s portfolio.

Summary Paragraph: Country Performance

In indicators measuring gender equality in the **endowments** of health and education, Mexico shows overall positive results when compared to UMC and regional averages. Primary completion rates increased for both girls and boys and the ratio of female to male primary level enrollment reached gender parity in 2014. In primary enrollment, there is gender parity as well. As in the rest of the Latin America and the Caribbean region, an area of concern is growing inequality in secondary enrollment (favoring girls). In Mexico, the female to male secondary enrollment ratio grew from 100 in 2000 to 110 in 2014, being above the UMC (100) and similar to region average of 110. Mexico made great strides in reducing the maternal mortality ratio (modeled est. per 100,000 births), falling from 77 to 38 deaths per 100,000 births between 2000 and 2015, which is well below the UMC (41) and regional (67) averages from 2015. Pregnant women receiving prenatal care and births attended by skilled health staff is almost universal (at 98 percent and 96 percent, respectively in 2012 and 2014). Women's share of population living with HIV in the country (21) is below the estimated regional average of 38 in 2016.

With respect to indicators measuring **women's economic opportunity**, Mexico made gains between 2000 and 2017 on almost all indicators, but still falls below both UMC and regional averages in key indicators. Female labor participation grew from 39 percent in 2000 to 44 percent in 2017, but remains significantly lower than the UMC (55 percent) and regional (52 percent) averages. Likewise, the ratio of female to male labor force participation also lags behind both UMC and regional averages (56, compared to 74 and 67, respectively). Both men and women in Mexico are less likely to have an account at a formal financial institution than their counterparts in UMC and Latin America and the Caribbean. A more positive scenario is observed in unemployment rates for women: in spite of a slight increase from 3 percent in 2000 to 4 percent in 2017, this is still lower than for women in UMC and Latin America and the Caribbean. Youth female unemployment rates are lower than both regional and UMC rates.

Concerning indicators measuring female **agency,** Mexico reduced adolescent fertility rates for 15-19 year olds from 80 (births per 1000 women ages 15-19) in 2000 to 62 in 2015. This result is almost similar to the regional average, but remains more than double the UMC average (30 in 2015). Female representation in the national parliament increased remarkably from 16 percent in 2000 to 43 percent in 2017, exceeding the regional average of 29 percent and the UMC average of 24 percent. Finally, the percentage of spousal physical or sexual violence suffered in the last 12 months (7 percent) is below the regional average of 10 percent (circa 2014).

Primary completion rate, female (% of relevant age group)	105	2014	96	2000	94	2015	100	2014
Primary completion rate, male (% of relevant age group)	104	2014	94	2000	96	2015	100	2014
School enrollment, primary (gross), gender parity index (GPI)	100	2014	100	2000	100	2015	100	2013
School enrollment, secondary (gross), gender parity index (GPI)	110	2014	100	2000	100	2015	110	2014
Maternal mortality ratio (modeled est. per 100,000 births)	38	2015	77	2000	41	2015	67	2015
Births attended by skilled health staff (% of total)	96	2014	89	2000	98	2013	94	2013
Pregnant women receiving prenatal care (%)	98	2012	no data		96	2012	97	2012
Women´s share of population ages 15+ living with HIV (%)	21	2016	16	2000	no data		38	2016
Contraceptive prevalence, any methods (% of women ages 15-49)	no data		70	2000	82	2012	¨73	2014
Country Performance: Economic Opportunity	**COUNTRY**	**Year**	**COUNTRY BASELINE**	**Year**	**UMC**	**Year**	**LAC**	**Year**
Labor force participation rate, female (% of female population 15+) ◊	44	2017	39	2000	55	2017	52	2017
Ratio of female to male labor force participation rate (%) ◊	56	2017	47	2000	74	2017	67	2017
Account at a financial institution, female (% age 15+)	39	2014	no data		67	2014	¨48	2014
Account at a financial institution, male (% age 15+)	39	2014	no data		74	2014	¨54	2014
Unemployment, female (% female labor force) ◊	4	2017	3	2000	6	2017	11	2017
Unemployment, youth female (% of female labor force ages 15-24) ◊	9	2017	6	2000	19	2017	23	2017
Ratio of female to male youth unemployment (% ages 15-24) ◊	129	2017	141	2000	107	2017	139	2017
Country Performance: Voice and Agency	**COUNTRY**	**Year**	**COUNTRY BASELINE**	**Year**	**UMC**	**Year**	**LAC**	**Year**
Adolescent fertility rate (births per 1,000 women, ages 15-19)	62	2015	80	2000	30	2015	64	2015
Proportion of seats held by women in national parliaments (%)	43	2017	16	2000	24	2017	29	2017
Firms with female top manager (% of firms)	15¯	2010	no data		20	2016	21	2016
Proportion of women subjected to physical and/or sexual violence in the last 12 months (% of women 15-49)	7˘	2011	no data		no data		¨10	2014

Sources: World Bank World Development Indicators (WDI), World Bank Gender Statistics (WBG) and DHS

* Country Baseline provides a simple point of reference for indicator data available. Circa 2000

^ LAC = Includes the 42 countries (all income levels) in Latin America and the Caribbean region, as classified by the World Bank

~ UMC = In FY19, upper middle-income countries are those with a GNI per capita between $3,896 and $12,055 (calculated using the World Bank Atlas method)

◊ Modeled ILO estimate

¨Weighted average for the Latin America and the Caribbean region was calculated using total population for countries where indicator data was available. Circa 2014

˘*El Instituto Nacional de las Mujeres* (INMUJERES) y el *Instituto Nacional de Estadística y Geografía* (INEGI). *Encuesta Nacional sobre la Dinamica de las Relaciones en los Hogares*, 2011

¯Latest country data available for this indicator cannot be compared with latest data available for income level country and the region

Summary Paragraph: WBG Portfolio Performance

Prior to FY17, projects were considered gender informed if they included gender in at least one of the following three dimensions: analysis, actions and monitoring and evaluation. In July 2016, the Gender CCSA introduced changes within the system to monitor projects from a gender perspective. The new gender-tagging methodology tracks projects´ outcome level gender gaps with a focus on the results chain, and monitors both the interventions proposed to address the gaps and the indicators chosen to measure them. The data in this scorecard includes both the previous methodology of measuring gender-informed projects, for the period FY10-FY16, as well as the gender-tagged projects according to the new methodology implemented in FY17. (Please note that FY16 projects follow the 0-1 rating to indicate if it is gender-informed or not).

Between FY10 to FY16, 71 percent of projects for Mexico that went to Board were considered gender-informed (incorporated gender in at least one of the dimensions analysis, actions and monitoring and evaluation. This compares to 73 percent at the regional level. In FY17, two out of three projects were gender-tagged and in FY18 it was only one out of three projects from ENR that was gender-tagged. Finally, Mexico's Country Partnership Framework in FY14 was rated Highly Satisfactory.

WBG Portfolio Performance	COUNTRY		LAC	
Latest CAS/CPS/ISN rating**	3 (FY14)		3 (FY18)	
Share of new projects that are gender-informed (FY10)	7/9	78%	43/75	57%
Share of new projects that are gender-informed (FY11)	2/5	40%	35/44	80%
Share of new projects that are gender-informed (FY12)	4/6	67%	43/75	57%
Share of new projects that are gender-informed (FY13)	0/1	0%	40/42	95%
Share of new projects that are gender-informed (FY14)	2/2	100%	40/42	95%
Share of new projects that are gender-informed (FY15)	3/3	100%	27/32	84%
Share of new projects that are gender-informed (FY16)	2/2	100%	23/33	70%
Share of new projects that are gender-tagged (FY17)	2/3	67%	25/51	49%
Share of new projects that are gender-tagged (FY18)	1/3	33%	19/33	58%

PROJECT SCORES

GENDER-INFORMED PROJECTS

Year	Project	Sector/GP	Rating
FY10	P101369	ED	3
	P107159	TR	0
	P112262	ED	1
	P115347	ED	0
	P115608	EMT	2
	P116226	HE	2
	P116965	HE	1
	P118070	EP	2
	P120134	WAT	2
FY11	P106424	EMT	0
	P112264	FPD	1
	P121195	WAT	0
	P121800	EMT	0
	P122349	SP	3
FY12	P120170	SDV	0
	P126487	WAT	0
	P126297	ED	1
	P123505	EP	2
	P123367	ARD	3
	P123760	ARD	3
FY13	P130623	ARD	0
FY14	P147244	ED	1
	P145578	WAT	3
FY15	P147185	ED	1
	P147212	SP	3
	P149858	ED	3
FY16	P153338	FM	1
	P149872	EEX	1

GENDER-TAGGED PROJECTS

Year	Project	GP	Rating
FY17	P160309	EDU	0
	P160570	AGR	1
	P157932	SURR	1
FY18	P164152	SPL	0
	P164661	ENR	1
	P165585	EEX	0

** CAS/CPS dimensions are for: analysis, actions, and results framework

DATA

Please note that whenever possible Country Performance data is from the World Development Indicators to allow for comparability.

WANT TO KNOW MORE?

To learn more about these indicators contact the LAC Poverty and Equity group:
Oscar Calvo-Gonzalez (ocalvogonzalez@worldbank.org) or Miriam Muller (mmuller1@worldbank.org). To access further information, visit the LAC Equity Lab at http://equitylab/

WORLD BANK GROUP
Poverty & Equity

Annex D. Mexico's Role as a Global Knowledge Leader

1. **The World Bank supported Mexico's efforts to become a global knowledge leader.** During the CPS period, Mexico engaged in more than 70 knowledge exchanges (twice the amount compared to the previous CPS FY08-13) with more than 100 countries, across regions, fostered by World Bank-financed projects and engagements. Most of Mexico's knowledge exchanges involved multiple countries, and a large proportion were focused on other countries in the Latin America and the Caribbean region (49 percent). Mexico acted mainly as a knowledge provider (59 percent of the activities) to a group of mostly IBRD countries (66 percent) (Figures D.1 and D.2). Most of the knowledge exchanges were also associated with a lending operation or advisory services and analytics program, contributing to the implementation of the Mexico program and providing lessons to other countries' programs. Around 17 percent of the knowledge exchanges were financed by the South-South Facility – an initiative that funds knowledge exchange activities among WBG client countries and for which Mexico has been an active financial contributor since 2008. Three quarters of the activities took place under Pillar 4, Promoting Green and Inclusive Growth (41 percent) and Pillar 2, Increasing Social Prosperity (34 percent). Pillar 3, Strengthening Public Finances and Government Efficiency, and Pillar 1, Unleashing Productivity, accounted for the remaining 15 percent and 10 percent of exchanges, respectively. Some examples by CPS pillars are as follows:

2. **Under Pillar 1, Unleashing Productivity,** representatives from the Mexican and Colombian governments, academia, and the private sector involved in the information technology sector shared their experience with officials from the government of Nicaragua with the aim to increase their skills to design and to implement policies to develop information technology-enabled services. This exchange helped bring public and private stakeholders together to implement and prioritize specific programs and policies to develop the information technology-enabled services sector in Nicaragua. Other exchanges included, but are not limited, to a study tour to support the Ethiopian financial inclusion framework with the participation of Mexico's National Banking and Securities Commission and the National Bank of Ethiopia; as well as a study tour where delegations from Egypt and Jordan visited Mexico to learn about the Information Technology Development Project.

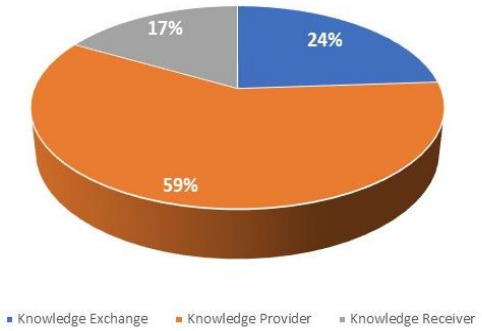
3. **Within Pillar 2, Increasing Social Prosperity,** Mexico shared best practices and experiences on the implementation of the large safety net program, PROSPERA, receiving government officials from Bangladesh, Honduras, Vietnam, Guatemala, Russia, and most recently Indonesia and Ethiopia, among many others. As part of these exchanges, countries learned about the technical, operational, and administrative features of Mexico's conditional cash transfer program. Other activities under Pillar 2 included, for example, a government officials' visit from Argentina to the National Institute for the Evaluation of Education to learn about Mexico's experience on how to improve the quality of education.

4. **As part of Pillar 3, Strengthening Public Finances and Government Efficiency**, activities took place in the areas of governance, macroeconomics and fiscal management, public administration, and law and justice. One example is the visit to Mexico of Philippines government officials to learn about Mexico's National Strategy for the Development of Statistics implemented by the National Institute of Statistics and Geography. As part of this exchange, Philippines' officials reviewed Mexico's best practices on data management that could be later adopted by the Philippine Statistic Authority and the Philippine Statistical System. Other exchanges included a visit from Vietnam Ministry of Planning and Investment's officials to Mexico and Chile to learn about their experience implementing macroeconomic stabilization, privatization

of state-owned enterprises, and public investment management reforms. Exchanges also took place with government officials of various South Asian countries (i.e., Afghanistan, Bhutan, Maldives, Nepal, and Pakistan) to learn about Mexico and Brazil's experiences on how to enhance service delivery through modern public procurement tools.

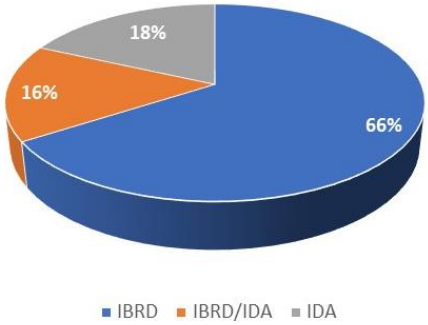
5. **Pillar 4. Promoting Green and Inclusive Growth,** had the largest amount of exchanges with 31 activities in the areas of agriculture, energy, environment and natural resources, disaster risk management, water and sanitation, transport and digital development, solid waste, and climate change. One example is the visit, financed by the South-South Facility, of officials from the Indian state, Himachal Pradesh, to learn about Mexico's experience on sustainable natural resource management. As a result, the Indian delegation strengthened its capacity to design climate change action plans and green growth-oriented policies considering benefit-sharing payment mechanisms. Under this Pillar, Mexico also participated in a programmatic knowledge exchange –a series of knowledge sharing interventions that build over time to address long-term development challenges. An example is the Carbon for Clean Energy in Asia for accelerating energy efficiency, renewable energy, and natural gas solutions among middle-income east and south Asian countries. As part of this initiative, Mexico, China, and India engaged on various knowledge sharing activities with the governments of Indonesia, Philippines, and Vietnam for a two-year period (FY17-19).

Figure D.1. Type of Knowledge Exchange, FY14-19 (percentage)



Source: LC1 Knowledge Exchange Database as of June 2019

Figure D.2. Type of country involved in the Knowledge Exchange, FY14-19 (percentage)



Annex E. Evolution of World Bank Lending, FY14-19

		Active	Closed	Previous FYs	FY14	FY15	FY16	FY17	FY18	FY19
Pillar I. Unleashing Productivity										
P123505	MX Fiscal Risk Management Development Policy Loan		√	301						
P123367	MX Rural Savings and Credit Sector Consolidation		√	100						
P106589	MX Information Technology Development		√	80						
P153338	MX Expanding Rural Finance	√					400			
P160570	MX Grain Storage and Information for Agricultural Competitiveness	√						120		
P169156	MX AF for Expanding Rural Finance	√								400
P167674	MX Financial Inclusion DPF	√								500
	Total									**1420**
Pillar II. Increasing Social Prosperity										
P115067	MX Support to Oportunidades Project		√	2,754						
P115347	MX School Based Management II		√	220						
P101369	MX Compensatory Education Project		√	100						
P122349	MX AF Support to Opportunidades Project		√	1,250						
P116226	MX Social Protection in Health		√	1,250						
P147244	MX Third Upper Secondary Education		√		301					
P147185	MX School Based Management Project		√			350				
P149858	MX Reducing Inequality of Educational Opportunity Project		√			150				
P147212	MX Social Protection System	√				350				
P160309	MX Higher Education Project		√					130		
P164152	MX AF Social Protection System	√							300	
	Total									**1,581**
Pillar III. Strenthening Public Finances and Government Efficiency										
P106528	MX Results-based Management and Budgeting		√	17						
	Total									
Pillar IV. Promoting Green and Inclusive Growth										
P066426	MX Solar Thermal Power Plant		√	49						
P077717	MX Large-Scale Renewable Energy Project		√	25						
P106424	MX Efficient Lighting and appliances		√	50						
P123760	MX Forest and Climate Change		√	292						
P106261	MX Sustainable Rural Development		√	50						
P121195	MX Water Sector efficiency Improvement Program (PROME)		√	100						
P088996	MX Integrated Energy Services		√	15						
P126487	MX MOMET for Improved Climate Adaptation		√	105						
P107159	MX Urban Transport Transformation Program		√	150						
P145578	MX Oaxaca WSS Sector Modernization	√			55					
P149872	MX Energy Efficiency in Public Facilities Project	√					100			
P157932	MX Improving Access to Affordable Housing Project	√						100		
P164661	MX Strengthening Entrepreneurship in Productive Forest Landscapes	√							56	
P165585	MX AF Energy Efficiency in Public Facilities Project	√							50	
	Total									**361**
	Total per FY				**356**	**850**	**500**	**350**	**406**	**900**
	Total									**3,362**

Source: World Bank Business Intelligence, June 2019.

Notes: (i) includes active projects at the beginning of the CPF and (ii) the total amount only includes projects approved during the CPS period FY14-19.

Annex F. World Bank Recipient Executed Trust Funds Portfolio, FY14-19

Program	Project ID	TF Number	Name of Project	Signed FY	Closed FY	Active	Closed	Grant Amount (US$m)
GEFIA	P114012	TF095695	MX Sustainable Transport and Air Quality Program (STAQ)	2010	2014		√	5.38
	P120654	TF015475	MX GEF Efficient Lighting and appliances	2011	2014		√	7.12
	P077717	TF056781	MX GEF Large Scale Renewable Energy Development (La Venta III)	2007	2014		√	25.00
	P095038	TF091733	MX GEF Integrated Energy Services	2009	2014		√	15.00
	P066426	TF057033	MX GEF Solar Thermal Power Plant	2007	2014		√	49.35
	P108766	TF093134	MX GEF Sustainable Rural Development	2009	2017		√	10.50
	P121116	TF012908	MX GEF Sustainable Production Systems and Biodiversity	2013	2018		√	11.69
	P131709	TF015475	MX GEF Coastal Watersheds Conservation	2014	2019		√	39.52
	P145618	TF019403	MX GEF Sustainable Energy Technologies	2015	2020	√		17.00
	P159835	TF0A4448	MX GEF Project Preparation Grant for Sustainable Productive Landscapes	2018	2018		√	0.28
	P159835	TF0A7021	MX GEF Sustainable Productive Landscapes	2018	2023	√		21.86
	P160778	TF0A7062	MX AF for Energy Efficiency in Public Facilities Project (PRESEMEH)	2018	2022	√		5.79
							TOTAL	208.49
IDF	P125717	TF010934	MX Development of Professional Competencies of ASF staff	2012	2015		√	0.35
	P125982	TF012026	MX Institutional Strengthening of Congress - Phase II	2012	2015		√	0.35
	P129968	TF012320	MX Oaxaca: Strengthening the State's Management Capacities	2013	2016		√	0.30
	P120116	TF097295	MX Strengthening & Consolidation of Internal Control of Federal Gvmt.	2011	2014		√	0.31
	P144701	TF015431	MX Fostering accountability & Efficiency in Public Service delivery in Puebla	2014	2017		√	0.65
	P148819	TF016613	MX Support to Strengthen the Micro-Region Strategy in Oaxaca	2015	2018		√	0.53
							TOTAL	2.48
CARBON	P088546	TF011024	MX Monterrey I LFG to Energy Project	2012	2015		√	2.05
	P082656	TF056112	MX CITY INSURGENTES BRT	2006	2016		√	1.72
	P080104	TF056319	MX SCF -LA VENTA II WIND FARM	2011	2017		√	12.92
	P088546	TF090169	MX MONTERREY II PROJECT ON ABATEMENT ON GREEN HOUSE GASES IN WM	2007	2015		√	10.66
	P088546	TF011024	MX Monterrey I LFG to Energy Project	2012	2015		√	2.05
	P088546	TF010990	MX Monterrey II Project on Green Gases in Waste Management in Mexico	2012	2017		√	1.00
	P088546	TF010991	MX Monterrey I LFG Energy Project	2012	2019		√	4.05
							TOTAL	34.46
CSCFIA	P123760	TF011570	MX Forests and Climate Change Project - SCF Loan	2012	2017		√	16.34
	P123760	TF011648	MX Forests and Climate Change Project - FIP Grant TF	2012	2017		√	25.66
	P151604	TF0A5334	MX DGM	2018	2023	√		6.00
							TOTAL	48.00
FCPFR	P120417	TF010261	MX FCPF Readiness Grant	2014	2017		√	3.80
	P120417	TF0A4501	MX Forest Carbon Partnership Facility REDD+ Readiness Preparation Support	2018	2020	√		3.50
	P120417	TF0A4502	MX Grant for Forest Carbon Partnership Facility - Readiness Preparation Support	2018	2020	√		1.50
							TOTAL	8.80
CCTFIA	P107159	TF096291	MX CTF Urban Transport Transformation Project	2011	2019		√	200
	P120654	TF098062	MX Efficient Lighting and Appliances Project	2011	2014		√	50
							TOTAL	250.00
BIOCFT	P164661	TF0A6448	MX BioCFplus-ISFL TF (1) for Strengthening Entrepreneurship in Forest Landscapes	2018	2023	√		3.35
	P164661	TF0A6533	MX BioCFplus-ISFL TF (2) for Strengthening Entrepreneurship in Forest Landscapes	2018	2023	√		6.65
							TOTAL	10.00
SCCFIA	P100438	TF096681	MX Adaptation to Climate Change Impacts on the Coastal Wetlands of the Gulf MX	2011	2016		√	4.5
							TOTAL	4.50
SFLAC	P125764	TF099123	MX Development of an Internal Control IT System for the Ministry of Public Admin.	2012	2014		√	0.12
							TOTAL	0.12

Source: World Bank Standard Reports, June 2019.

Notes: GEFIA= Global Environment Facility with IBRD as implementing agency. IDF= Institutional Development Fund. CARBON = Carbon Finance; CSCFIA= Strategic Climate Fund – IBRD as Implementing Agency; FCPFR= Forest Carbon Partnership Facility; CCTFIA= Clean Technology Fund – IBRD as Implementing Agency; BIOCTF= Biocarbon Technical Assistance Trust Fund; SCCFIA= Special Climate Change Fund – IBRD as Implementing Agency; SFLAC= Spanish Fund for Latin America and the Caribbean. The table includes all active recipient executed trust funds at the beginning of the CPF as well as all the ones approved during the CPS period FY14-19.

Annex G. World Bank Advisory Services and Analytics, FY14-19

Table G.1. Programmatic Approach Activities, FY14-19

Sector	GP	Task ID	Project Name	FY	Prod Line	AIS Sign-Off	Delivery/ Completion
Sustainable Development & Infrastructure	Agriculture	P132987	Agriculture Risk Management in Mexico	FY15	PA	08/26/2012	06/23/2015
	Environment & Natural Resources	P146340	Programmatic Approach for Environmental and Climate Change	FY16	PA	06/24/2013	06/23/2016
	Social, Urban, Rural & Resilience	P146241	Strengthening DRM in Mexico	FY16	PA	06/23/2013	06/28/2016
		P149131	Urban Environmental Services	FY16	PA	12/06/2013	06/30/2016
		P148185	PA Citizen Security in Mexico	FY16	PA	10/01/2013	06/29/2016
		P147899	Urban and Housing PA	FY17	PA	09/24/2013	09/27/2016
	Transport	P149267	Support to the Government of Mexico on ICT	FY18	PA	02/25/2014	07/26/2017
	Energy and Extractives	P150562	PA for the Energy Sector in Mexico: Supporting a Low Carbon Economy	FY18	PA	04/08/2014	01/29/2018
	Environment & Natural Resources	P160730	Forest and Climate Change	FY19	PA	07/19/2016	04/25/2019
		P162112	Mitigating Climate Change to meet MX NDC	FY19	PA	12/05/2016	06/21/2019
	Transport	P164937	Programmatic Approach for the Agenda on Sustainable Transport	FY19	PA	08/11/2017	05/06/2019
	Water	P162473	Water Security and Resilience in Mexico	FY19	AA	02/08/2017	06/13/2019
Human Development	Education	P128775	MX Improving Skills for Labor Prod PKS	FY14	TA	09/22/2011	03/25/2014
	Social Protection	P129698	MX PKS - Social Protection and Health	FY14	TA	12/20/2011	04/16/2014
	Poverty & Equity	P133559	MX Poverty & Equity PA	FY15	PA	10/04/2012	06/25/2015
	Social Protection	P148162	Social Protection System Programmatic Approach II	FY17	PA	10/23/2013	12/09/2016
	Education	P150318	Mexico Supporting Education Evaluation Agenda	FY17	PA	03/20/2014	06/27/2017
	Poverty & Equity	P152808	RAS Improving Evidence Based Policy	FY17	PA	10/22/2014	06/14/2017
		P156617	Poverty & Equity PA	FY19	PA	01/19/2016	04/30/2019
	Education	P164777	Knowledge Agenda of the Educational Reform in Mexico	FY19	AA	07/18/2017	06/03/2019
Equitable Growth, Finance, and Institutions	Macroeconomics, Trade & Investment	P143967	MX Fiscal Challenges PKS	FY15	PA	02/08/2013	06/15/2015
	Governance	P132906	Programmatic Approach for Public Sector in Mexico	FY16	PA	08/21/2012	06/28/2016
		P150063	PA Oaxaca Engagement Mexico	FY16	PA	02/25/2014	04/13/2016
	Finance, Competitiveness & Innovation	P133788	PA Sound Financial Sector Development	FY16	PA	09/29/2012	06/22/2016
		P154294	Banxico Programmatic RAS	FY17	PA	02/02/2015	03/10/2017
		P146293	Productivity and Democratization	FY19	PA	08/01/2013	03/06/2019
	Macro., Trade & Investment	P156737	Subnational Fiscal Topics	FY19	PA	09/15/2015	03/29/2019
	Finance, Comp. & Innovation	P161933	Catalyzing Financial Sector Development	FY19	AA	10/03/2016	06/13/2019
Total PA:		**28**					

Source: World Bank Business Intelligence, June 2019.

Note. Programmatic approach (PA) includes its predecessors, the programmatic knowledge services (PKS).

Table G.2. Reimbursable Advisory Services, FY14-19

Sector	GP	Task ID	Project Name	FY Delivery	Prod Line	AIS Sign-Off	Delivery/ Completion
Sustainable Development & Infrastructure	Social, Urban, Rural & Resilience	P130848	MX RAS Programmatic Engagement in DRM	FY15	TA	02/24/2012	05/21/2015
	Transport	P151210	MX RAS: IFT - Shared Wholesale Network	FY15	TA	06/04/2014	06/29/2015
		P119024	MX RAS Federal Urban Transport Policy	FY15	TA	02/23/2011	01/27/2015
	Water	P150092	MX RAS Mgmt Plan for Cutzamala Water Sys	FY16	TA	02/27/2014	12/08/2015
		P157058	MX RAS Phase 2: Cutzamala	FY16	TA	09/15/2015	06/29/2016
	Social, Urban, Rural & Resilience	P150380	MX RAS Housing Policy & Housing Finance	FY16	TA	03/20/2014	05/17/2016
	Transport	P157212	MX RAS Connectivity Plan for Mexico City	FY18	TA	09/21/2015	12/07/2017
Human Development	Poverty & Equity	P152128	Guanajuato RAS Evidence for Policy	FY15	TA	07/30/2014	06/23/2015
	Health, Nutrition & Population	P149767	IMSS efficiency and effectiveness	FY16	TA	02/03/2014	02/29/2016
	Poverty & Equity	P155477	MX RAS Guanajuato II-Evidence for Policy	FY17	TA	04/07/2015	12/14/2016
		P146483	MX RAS Jalisco Evidence Policy Making	FY17	TA	07/15/2013	06/07/2017
		P157342	MX RAS Morelos - Evidence for Policy	FY17	TA	09/14/2015	12/22/2016
		P152808	RAS Improving Evidence Based Policy	FY17	PA	10/22/2014	06/14/2017
	Social Protection & Labor	P167037	Studies of PROSPERA's long-term results	FY19	TA	02/20/2018	03/21/2019
Equitable Growth, Finance, and Institutions	Trade & Competitiveness	P147382	Competition reform in Mexico State	FY15	TA	08/28/2013	06/15/2015
		P147308	Competition Reform in Tabasco State	FY15	TA	08/15/2013	06/16/2015
	Macroeconomics, Trade & Investment	P150646	Mexico Public Expenditure Review	FY16	EW	06/11/2014	05/24/2016
	Finance, Competitiveness & Innovation	P157021	Commercial Real Estate Price Index CREPI	FY16	TA	06/08/15	30/03/2016
	Governance	P129050	MX RAS Oaxaca Public Sector Management	FY16	TA	10/12/2011	06/27/2016
		P155528	MX RAS Des. Standard Oral Com. Lawsuits	FY17	TA	04/16/2015	12/19/2016
		P156949	MX RAS Veracruz Public Sector Management	FY17	TA	08/03/2015	05/01/2017
	Trade & Competitiveness	P147354	MX RAS Support to INADEM	FY17	TA	09/02/2013	06/12/2017
		P158402	MX RAS Support to INADEM II	FY17	TA	12/16/2015	06/12/2017
	Finance, Competitiveness & Innovation	P154294	MX RAS BANXICO Programmatic	FY17	PA	02/02/2015	03/10/2017
	Governance	P157558	MX RAS Strength PSM Systems in Mexico City	FY18	TA	10/01/2015	12/06/2017
	Finance, Competitiveness & Innovation	P160599	Supporting Mexico's Special Economic Zones	FY19	TA	07/25/2016	06/07/2019
Total RAS		**26**					

Source: World Bank Business Intelligence, June 2019.

Note. RAS includes its predecessors: fee for service (FFS), fee-based services (FBS), and other projects known to have been reimbursed. DRM = disaster risk management. FY = fiscal year. INADEM = National Institute of the Entrepreneur. PA = programmatic approach. TA = technical assistance.

Annex H. IFC Committed and Outstanding Portfolio, FY14-19

(US$ millions)

Commitment Fiscal Year	Institution Short Name	LN Cmtd - IFC	LN Repayment - IFC	ET Cmtd - IFC	QL + QE Cmtd - IFC	GT Cmtd - IFC	RM Cmtd - IFC	ALL Cmtd - IFC	ALL Cmtd - Part	LN Out - IFC	ET Out - IFC	QL + QE Out - IFC	GT Out - IFC	RM Out - IFC	ALL Out - IFC	ALL Out - Part
2006	Carlyle Mexico	0	0	2	0	0	0	2	0	0	0	0	0	0	0	0
2007	Nexxus Fund III	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2008	Alta Growth I	0	0	4	0	0	0	4	0	0	4	0	0	0	4	0
2009/2010	City Express Hol	0	0	16	0	0	0	16	24	0	16	0	0	0	16	24
2009/2013/2019/ 2015/2012	Progresemos	15	12	3	0	0	1	20	22	13	3	0	0	1	17	0
2010	Solida MT	0	0	15	0	0	0	15	0	0	15	0	0	0	15	0
2010/2017	Ignia Fund I	0	0	10	0	0	0	10	0	0	10	0	0	0	10	0
2011	Alta Ventures	0	0	9	0	0	0	9	0	0	8	0	0	0	8	0
2011	Comemsa	0	9	0	0	0	0	0	0	0	0	0	0	0	0	0
2011	EVM	0	5	0	6	0	0	6	0	0	0	6	0	0	6	0
2012	Alta Growth II	0	0	10	0	0	0	10	0	0	9	0	0	0	9	0
2012	Mifel	0	0	25	0	0	0	25	0	0	25	0	0	0	25	0
2012	UAG AC	8	10	0	0	0	0	8	0	8	0	0	0	0	8	0
2013	Braskem Idesa	232	52	0	0	0	0	232	285	232	0	0	0	0	232	285
2013	CS MEXCO	0	0	0	21	0	0	21	0	0	0	21	0	0	21	0
2013	EDILAR	0	0	0	1	0	0	1	0	0	0	1	0	0	1	0
2013	Hospitaria	1	1	0	4	0	0	5	0	1	0	4	0	0	5	0
2013/2011	Artha Fund	0	0	18	0	0	0	18	0	0	18	0	0	0	18	0
2013/2017	Proteak	36	2	0	0	0	0	36	28	17	0	0	0	0	17	14
2013/2018/2001/ 2014/2017/1996/ 2019/2000/2015/ 2016	NEMAK	12	275	0	0	0	0	12	0	2	0	0	0	0	2	0
2014	Capital Indigo	0	0	10	0	0	0	10	0	0	10	0	0	0	10	0
2014	Sala Uno	0	0	2	0	0	0	2	0	0	2	0	0	0	2	0
2014	VMM	0	0	0	12	0	4	16	0	0	0	12	0	4	16	0
2014/2015	APM LC	93	17	0	0	0	0	93	190	93	0	0	0	0	93	190
2014/2016/2002	Puertas Finas	8	20	0	0	0	0	8	0	8	0	0	0	0	8	0
2015	TPT	71	6	0	0	0	0	71	141	71	0	0	0	0	71	141
2016	Citla Energy	0	0	60	0	0	0	60	140	0	16	0	0	0	16	27
2016	FINAE	1	1	0	0	0	0	1	0	1	0	0	0	0	1	0
2017	Altan	0	0	25	0	0	0	25	180	0	19	0	0	0	19	137
2017	CEGE Capital_CONTIGO	6	1	0	0	0	0	6	2	6	0	0	0	0	6	2
2017	DARP SPV Secorse	0	0	0	23	0	0	23	0	0	0	20	0	0	20	0
2017/2011/2008	Bioparques	8	12	0	0	0	0	8	0	8	0	0	0	0	8	0
2017/2011/2008/ 2012	Vinte	18	0	0	0	0	0	18	0	9	0	0	0	0	9	0
2017/2019	Vector Bolsa	0	0	0	7	0	0	7	0	0	0	1	0	0	1	0
2018	Alta Growth III	0	0	15	0	0	0	15	0	0	2	0	0	0	2	0
2018	Clinicas Azucar	0	0	4	0	0	0	4	0	0	4	0	0	0	4	0
2018	Cubico Alten Solem 2 Project SPV	19	0	0	0	0	4	22	0	19	0	0	0	2	21	0
2018	Cubico Alten Solem Project SPV	25	0	0	0	0	5	30	0	25	0	0	0	3	28	0
2018	eFactor Diez	0	0	1	0	0	0	1	0	0	1	0	0	0	1	0
2018	E Factor Network	0	0	4	0	0	0	4	0	0	4	0	0	0	4	0
2018	Genomma Lab	52	0	0	0	0	0	52	0	38	0	0	0	0	38	0
2018	Konfio	4	0	5	0	0	0	9	0	3	5	0	0	0	8	0
2018/2014/2015/ 2016	CAMESA	8	13	0	0	5	0	13	0	8	0	0	4	0	12	0
2018/2017	DARP Secorse Servicer	0	0	7	0	0	0	7	0	0	7	0	0	0	7	0
2018/2017/2019/ 2016	Trust 196	1	0	0	0	0	0	1	0	1	0	0	0	0	1	0
2018/2019	Altum Capital	22	1	0	0	0	0	22	0	22	0	0	0	0	22	0
2018/2019	FHIPO	135	0	0	0	0	0	135	0	120	0	0	0	0	120	0
2019	Angel PAF II	0	0	5	0	0	0	5	0	0	0	0	0	0	0	0
2019	CIE Auto Group	75	0	0	0	0	0	75	0	75	0	0	0	0	75	0
2019	FRV Potrero Solar	15	0	0	0	0	0	15	41	0	0	0	0	0	0	0
2019	RSF Santander Mex	0	0	0	0	117	0	117	0	0	0	0	117	0	117	0
2019	Siegfried Rhein	75	0	0	0	0	0	75	0	70	0	0	0	0	70	0
2019/2016	CS MEXCO II	100	0	0	23	0	0	122	0	42	0	18	0	0	59	0
	Trust 239	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Trust 247	2	0	0	0	0	0	2	0	2	0	0	0	0	2	0
	Trust 325	2	0	0	0	0	0	2	0	2	0	0	0	0	2	0
Grand Total:		**1,044**	**438**	**249**	**97**	**122**	**14**	**1,526**	**1,053**	**896**	**177**	**82**	**121**	**10**	**1,287**	**819**

Source: IFC reports, June 2019.

Note. LN = loan. ET = equity. QL = quasi-loan. QE = quasi-equity. GT = guarantee. RM = risk management.

Annex I. MIGA's Guarantee Portfolio

Contract	Project ID	Effective Date	Expiry Date	Investor Name	Contract Enterprise	Host Country	Investor Country	Business Sector	Gross Exposure ($USD)
15100-01	13880	06/20/2017	06/19/2032	Fisterra Energy Luxembourg V S.à r. l.	Ciclo Combinado Tierra Mojada S. de R.L. de CV	Mexico	Luxembourg	Infrastructure	962,913,168
Total									**962,913,168**

Source: MIGA reports, June 2019.

Annex 3. Selected Indicators of Bank Portfolio Performance and Management

as of January 2020

Indicator	FY17	FY18	FY19	FY20
Portfolio Assessment				
Number of Projects Under Implementation [a]	17.0	16.0	10.0	10.0
Average Implementation Period (years) [b]	3.6	2.9	2.9	3.6
Percent of Problem Projects by Number [a, c]	11.8	18.8	10.0	0.0
Percent of Problem Projects by Amount [a, c]	8.1	13.7	2.2	0.0
Percent of Projects at Risk by Number [a, d]	11.8	18.8	10.0	0.0
Percent of Projects at Risk by Amount [a, d]	8.1	13.7	2.2	0.0
Disbursement Ratio (%) [e]	28.4	30.9	43.5	3.1
Portfolio Management				
CPPR during the year (yes/no)				
Supervision Resources (total US$)				
Average Supervision (US$/project)				

Memorandum Item	Since FY80	Last Five FYs
Proj Eval by IEG by Number	211	13
Proj Eval by IEG by Amt (US$ millions)	45,556.8	1,025.5
% of IEG Projects Rated U or HU by Number	25.5	30.8
% of IEG Projects Rated U or HU by Amt	13.4	16.0

a. As shown in the Annual Report on Portfolio Performance (except for current FY).
b. Average age of projects in the Bank's country portfolio.
c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).
d. As defined under the Portfolio Improvement Program.
e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: Investment projects onl

* All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year.

Annex 4. Operations Portfolio (IBRD and Grants)

as of January 2020

Closed Projects	255
IBRD/IDA*	1,551.44
Total disbursed (Active)	
of which has been repaid (1)	24.72
Total Disbursed (Closed)	47,966.40
of which has been repaid	36,646.86
Total Disbursed (Active + Closed)	49,517.84
of which has been repaid	36,671.58
Total Undisbursed (Active)	911.20
Total Undisbursed (Closed)	
Total Undisbursed (Active + Closed)	911.20

Active Projects

		Last PSR Supervision Rating			Original Amount in US$ Millions					Difference Between Expected and Actual Disbursements [a]	
Project ID	Project Name	Development Objectives	Implementation Progress	Fiscal Year	IBRD	IDA	Grants	Cancel.	Undib.	Orig.	Frm Rev'd
P159835	Mexico Sustainable Productive Landscapes Project	MS	MS	2018	0.0	0.0	21.9	0.0	20.9	2.3	0.0
P160570	ASERCA - Grain Storage and Information for Agricultural Comp	S	S	2017	120.0	0.0		0.0	115.6	72.0	0.0
P145618	GEF Sustainable Energy Technologies Development for CC	MS	MS	2015	0.0	0.0	16.9	0.0	7.6	7.6	5.4
P149872	EE in Public Facilities Project (PRESEMEH)	MS	MS	2016	150.0	0.0		0.0	140.6	29.0	15.1
P160778	AF for EE in Public Facilities Project - PRESEMEH	MS	MS	2018	0.0	0.0	5.8	0.0	5.8	38.3	11.7
P164661	Forest Management and Entrepreneurship	S	S	2018	56.0	0.0		0.0	43.8	-4.9	0.0
P157932	Access to Affordable Housing Project	S	S	2017	100.0	0.0		0.0	27.3	-32.6	0.0
P145578	Oaxaca WSS Sector Modernization	MS	MS	2014	55.0	0.0	0.0	0.0	42.0	37.2	1.3
P147212	Social Protection System Project	S	MS	2015	650.0	0.0	0.0	0.0	28.2	-305.1	4.2
P153338	Expanding Rural Finance	S	S	2016	800.0	0.0	0.0	0.0	479.4	55.7	62.9
P167674	Mexico Financial Inclusion DPF	#	#	2019	500.0	0.0		0.0	0.0	0.0	0.0
Overall Results					**2431.0**	**0.0**	**44.5**	**0.0**	**911.2**	**-100.6**	**100.6**

* Disbursement data is updated at the end of the first week of the month.

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.

Annex 5. Statement of IFC's Held and Disbursed Portfolio

as of December 2019 (amounts in USD millions)

Commitment Fiscal Year	Institution Short Name	LN Cmtd - IFC	LN Repayment - IFC	ET Cmtd - IFC	QL + QE Cmtd - IFC	GT Cmtd - IFC	RM Cmtd - IFC	ALL Cmtd - IFC	ALL Cmtd - Part	LN Out - IFC	ET Out - IFC	QL + QE Out - IFC	GT Out - IFC	RM Out - IFC	ALL Out - IFC	ALL Out - Part
2006	Carlyle Mexico	0	0	1.51	0	0	0	1.51	0	0	0	0	0	0	0	0
2007	Nexxus Fund III	0	0	0.05	0	0	0	0.05	0	0	0	0	0	0	0	0
2008	Alta Growth I	0	0	4.27	0	0	0	4.27	0	0	4.15	0	0	0	4.15	0
2009/2010	City Express Hol	0	0	16.00	0	0	0	16.00	0	0	16.00	0	0	0	16.00	0
2009/2013/2019/2015/2012	Progresemos	13.07	14.41	3.39	0	0	2.64	19.10	22.00	13.07	3.39	0	0	2.07	18.53	22.00
2010	Solida MT	0	0	14.59	0	0	0	14.59	0	0	14.59	0	0	0	14.59	0
2010/2017	Ignia Fund I	0	0	9.90	0	0	0	9.90	0	0	9.90	0	0	0	9.90	0
2011	Alta Ventures	0	0	8.45	0	0	0	8.45	0	0	7.54	0	0	0	7.54	0
2011	Comemsa	0	8.54	0	0	0	0	0	0	0	0	0	0	0	0	0
2011	EVM	4.90	5.19	0	2.17	0	0	7.07	0	4.90	0	2.17	0	0	7.07	0
2012	Alta Growth II	0	0	9.64	0	0	0	9.64	0	0	8.72	0	0	0	8.72	0
2012	Mifel	0	0	25.00	0	0	0	25.00	0	0	25.00	0	0	0	25.00	0
2012	UAG AC	6.85	11.43	0	0	0	0	6.85	0	6.85	0	0	0	0	6.85	0
2013	Braskem Idesa	217.40	62.30	0	0	0	0	217.40	265.59	217.40	0	0	0	0	217.40	265.59
2013	CS MEXCO	0	0	0	20.02	0	0	20.02	0	0	0	20.02	0	0	20.02	0
2013	Hospitaria	0.99	1.34	0	3.75	0	0	4.74	0	0.99	0	3.75	0	0	4.74	0
2013/2011	Artha Fund	0	0	17.77	0	0	0	17.77	0	0	17.77	0	0	0	17.77	0
2013/2017	Proteak	36.26	1.67	0	0	0	0	36.26	0	17.48	0	0	0	0	17.48	0
2013/2018/2001/2014/2017/1996/2019/2000/2015/2016/2020	NEMAK	19.34	277.01	0	0	0	0	19.34	0	9.19	0	0	0	0	9.19	0
2014	Capital Indigo	0	0	10.00	0	0	0	10.00	0	0	9.61	0	0	0	9.61	0
2014	Sala Uno	0	0	2.04	0	0	0	2.04	0	0	2.04	0	0	0	2.04	0
2014	VMM	0	0	0	11.97	0	2.82	14.79	0	0	0	11.97	0	2.82	14.79	0
2014/2016/2002	Puertas Finas	8.00	20.00	0	0	0	0	8.00	0	8.00	0	0	0	0	8.00	0
2015	TPT	73.83	6.00	0	0	0	0	73.83	9.59	73.83	0	0	0	0	73.83	9.59
2016	Citla Energy	0	0	60.00	0	0	0	60.00	0	0	16.26	0	0	0	16.26	0
2016	FINAE	1.16	1.18	0	0	0	0	1.16	0	1.16	0	0	0	0	1.16	0
2017	Altan	0	0	25.00	0	0	0	25.00	0	0	19.73	0	0	0	19.73	0
2017	CEGE Capital_CONTIGO	4.92	1.90	0	0	0	0.18	5.10	1.73	4.92	0	0	0	0.08	5.01	1.73
2017	DARP SPV Secorse	0	0.01	0	18.07	0	0	18.07	0	0	0	16.67	0	0	16.67	0
2017/2011/2008	Bioparques	6.67	12.83	0	0	0	0	6.67	0	6.67	0	0	0	0	6.67	0
2017/2011/2008/2012	Vinte	18.50	0.28	0	0	0	0	18.50	0	0	0	0	0	0	0	0
2017/2019	Vector Bolsa	0	0	0	6.96	0	0	6.96	0	0	0	1.28	0	0	1.28	0
2018	Alta Growth III	0	0	15.00	0	0	0	15.00	0	0	6.06	0	0	0	6.06	0
2018	Clinicas Azucar	0	0	4.00	0	0	0	4.00	0	0	4.00	0	0	0	4.00	0
2018	Cubico Alten Solem 2 Project SPV	18.40	0.24	0	0	0	4.35	22.75	0	18.40	0	0	0	3.10	21.50	0
2018	Cubico Alten Solem Project SPV	24.35	0.87	0	0	0	5.87	30.21	0	24.35	0	0	0	4.08	28.42	0
2018	eFactor Diez	0	0	1.00	0	0	0	1.00	0	0	1.00	0	0	0	1.00	0
2018	E Factor Network	0	0	4.00	0	0	0	4.00	0	0	4.00	0	0	0	4.00	0
2018	Genomma Lab	52.89	0	0	0	0	0	52.89	0	52.89	0	0	0	0	52.89	0
2018	Konfio	4.23	0	5.05	0	0	0	9.28	0	4.23	5.05	0	0	0	9.28	0
2018/2014/2015/2016	CAMESA	6.34	14.40	0	0	4.23	0	10.57	0	6.34	0	0	4.23	0	10.57	0
2018/2017	DARP Secorse Servicer	0	0	7.42	0	0	0	7.42	0	0	7.42	0	0	0	7.42	0
2018/2017/2019/2016	Trust 196	1.48	0.33	0	0	0	0	1.48	0	1.48	0	0	0	0	1.48	0
2018/2019	Altum Capital	16.85	6.74	0	0	0	0	16.85	0	16.85	0	0	0	0	16.85	0

Commitment Fiscal Year	Institution Short Name	LN Cmtd - IFC	LN Repayment - IFC	ET Cmtd - IFC	QL + QE Cmtd - IFC	GT Cmtd - IFC	RM Cmtd - IFC	ALL Cmtd - IFC	ALL Cmtd - Part	LN Out - IFC	ET Out - IFC	QL + QE Out - IFC	GT Out - IFC	RM Out - IFC	ALL Out - IFC	ALL Out - Part
2018/2019	FHIPO	137.44	0	0	0	0	0	137.44	0	121.58	0	0	0	0	121.58	0
2019	Angel PAF II	0	0	5.00	0	0	0	5.00	0	0	0	0	0	0	0	0
2019	CIE Auto Group	75.00	0	0	0	0	0	75.00	0	75.00	0	0	0	0	75.00	0
2019	FRV Potrero Solar	15.00	0	0	0	0	1.00	16.00	30.00	0.27	0	0	0	1.00	1.27	0.53
2019	RSF Santander Mex	0	0	0	0	118.59	0	118.59	0	0	0	0	118.59	0	118.59	0
2019	Siegfried Rhein	76.68	0	0	0	0	0	76.68	0	76.68	0	0	0	0	76.68	0
2019/2016	CS MEXCO II	94.75	6.15	0	22.50	0	0	117.25	0	94.75	0	20.69	0	0	115.44	0
2020	Banco Sabadell BM Mexico	100.00	0	0	0	0	0	100.00	0	100.00	0	0	0	0	100.00	0
2020	IEnova	100.00	0	0	0	0	0	100.00	0	100.00	0	0	0	0	100.00	0
2020	PC Capital II	0	0	20.00	0	0	0	20.00	0	0	0	0	0	0	0	0
	Trust 239	0	0	0	0	0.03	0	0.03	0	0	0	0	0	0	0	0
	Trust 247	1.64	0	0	0	0	0	1.64	0	1.64	0	0	0	0	1.64	0
	Trust 325	2.34	0	0	0	0	0	2.34	0	2.34	0	0	0	0	2.34	0
Grand Total:		**1,139.28**	**452.80**	**269.08**	**85.45**	**122.85**	**16.86**	**1,633.51**	**328.91**	**1,061.25**	**182.23**	**76.56**	**122.82**	**13.16**	**1,456.02**	**299.44**

Source: IFC reports. December 31, 2019

Note. LN = loan. ET = equity. QL = quasi-loan. QE = quasi-equity. GT = guarantee. RM = risk management.

Annex 6. MIGA's Guarantee Portfolio

as of January 2020

Contract	Project ID	Effective Date	Expiry Date	Investor Name	Contract Enterprise	Host Country	Investor Country	Business Sector	Gross Exposure ($USD)
15100-01	13880	06/20/2017	06/19/2032	Fisterra Energy Luxembourg V S.à r. l.	Ciclo Combinado Tierra Mojada S. de R.L. de CV	Mexico	Luxembourg	Infrastructure	962,913,168
Total									962,913,168

Annex 7. CPF Consultations

1. The Mexico CPF consultations took place from June to October 2019 and were undertaken by a joint WBG team. To benefit from a wide variety of views, the process included consultations with key actors from the public and private sectors, academia, and civil society to discuss the country's key development challenges and priorities for future WBG engagement. The process revealed a broad agreement from different stakeholders on the major challenges and where WBG support is most critical in Mexico. A large share of the priorities that emerged during the consultations are reflected in the proposed CPF. The consultations reflected strong support for the engagements in areas such as financial inclusion, dealing with regulations that hamper competition, support for infrastructure, fostering quality in human development, and addressing climate change. Among the specific issues that the WBG was encouraged to contribute to are the need to improve infrastructure and investment planning, to help the private sector seize global value chains, and to focus on regional and local development. In addition, participants emphasized the need to focus on natural capital and climate change. Finally, stakeholders expressed the importance for the WBG to deepen its subnational engagement in lagging regions.

Consultations with the Government of Mexico

2. The structured dialogue on the CPF with the Government of Mexico began in June 2019 with a consultation with the Ministry of Finance, the World Bank's main counterpart in Mexico. This was followed by a broad-based consultation led by the Ministry of Finance on September 18, 2019 in Mexico City with participants from various ministries and federal agencies. The top priorities emerging from these consultations were: (i) meeting large physical investment needs; (ii) supporting stronger institutional arrangements for sector coordination; (iii) ensuring social and environmental sustainability; and (iv) enabling policies to work with the private sector. In October 2019, the WBG team also travelled to Oaxaca, one of the poorest states in Mexico, to consult with the state government counterparts. The discussions were critical to validating the SCD findings and receiving feedback on the CPF engagement areas, particularly the need to deepen the WBG subnational engagement in the south of the country which is a cross-cutting theme of the CPF.

Consultations with Private sector

3. Private sector representatives were consulted in Mexico City on September 20, 2019. In collaboration with the Mexican private sector's leading business organization, Mexico's Coordinating Business Council (CCE in Spanish), IFC organized a session that was attended by both representatives from Mexico's various business organizations as well as heads of private companies from the finance, health, education, energy, and other key sectors. The main priorities that emerged during the consultation were: i) Mexican firms into global value chains to improve wealth creation; (ii) enable sustainable infrastructure with private sector participation in an environment of constraint fiscal space; and (iii) improve the business climate taking into account all levels of government. The importance of female labor participation was also highlighted as a priority for Mexico.

Consultations with Civil Society

4. At a session in Mexico City on September 24, 2019, the WBG organized a consultation with members from civil society, including various non-governmental organizations, think tanks, and academic institutions. Participants responded very positively to the SCD narrative and validated its main messages and priorities. Insightful comments were also received about the WBG's future course of action in Mexico under the new CPF. There was significant endorsement of the broad framework of collaboration and the top priorities that emerged during the consultations were: (i) the need to improve infrastructure and investment planning; (ii) focus on natural capital and climate change; and (iii) support to regional and local development. Participants also commented on how the WBG and civil society organizations could engage with the new government authorities.

Online consultations

5. An online consultations webpage was also created to encourage social media audiences to be part of and participate in the consultation process. The webpage included an online survey which was promoted on the World Bank Mexico Facebook and Twitter accounts to gather opinions about the country's key development priorities. The online survey was open from September 18 to October 1. The three most pressing issues for the respondents were: 1) reducing structural impediments to productivity growth; 2) enhancing management of public resources; and 3) providing more inclusive and sustainable infrastructure services.

List of stakeholders that participated in the consultations

	Entity	Individual	Position
	Federal Government (Mexico City, September 18, 2019)		
1	Agencia de Servicios a la Comercialización y Desarrollo de Mercados Agropecuarios (ASERCA)	Elisa Isabel Félix Berrueto	Head of the Agri-food Market Information Center
2	Banco de Bienestar	Samuel Toledo Córdova Toledo	Deputy General Director of Corporate Strategy
3	Banco de México (BANXICO)	Gerardo Zúñiga	Director of Foreign Affairs
4	Comisión Federal de Competencia Económica (COFECE)	José Nery Pérez Trujillo	General Director of Planning and Evaluation
5	Comisión Nacional de Mejora Regulatoria (CONAMER)	Othón Hernández	Executive Coordinator
6		Francisco Madrigal	Director of Economic Intelligence
7		Francisco Parra Díaz	Director of Special Projects
8	Comisión Nacional del Agua	Silvia Chávez Cereceda	Manager of International Cooperation
9		Griselda Medina Laguna	Deputy Manager of Management and Evaluation of Projects with External Financing
10		Alejandro Peralta Moreno	Manager of International Cooperation
11	Comisión Nacional de Vivienda (CONAVI)	Esperanza Pita Larrañaga	Director of Land, Infrastructure, and Social Sustainability of Housing
12	Comisión Nacional Forestal (CONAFOR)	Luciana Ludlow Paz	Finance Manager
13	Consejo Nacional de Evaluación de la Política de Desarrollo Social (CONEVAL)	Tiberio Herrera	Deputy Director
14		Alberto Castro J.	Deputy Director
15	Financiera Nacional de Desarrollo, Agropecuario, Rural, Forestal y Pesquero (FND)	Héctor Manlio Peña Jiménez	Deputy General Director of Business Promotion and Regional Coordination
16		Marco A. Domínguez	Deputy Director of Financial Coordination
17	Fondo Nacional de Infraestructura (FONADIN)	Sergio Forte Gómez	Deputy General Director of Investment Banking
18	Instituto Nacional de Estadística y Geografía (INEGI)	Enrique Ordaz López	Vice President of Economic Information
19	Instituto Nacional de las Mujeres (INMUJERES)	Mónica Maccise Duayhe	Executive Secretary
20	Nacional Financiera (NAFIN)	Iván V. Cornejo Villalva	Deputy Director of Projects Financed by International Financial Organizations
21	Secretaría de Agricultura y Desarrollo Rural (SADER)	Alejandrina González	Adviser
22		Lourdes Cruz T.	General Coordinator of International Affairs
23		Jesús Galván	Strategy Director
24	Secretaría de Bienestar	Alonso Jiménez	General Director
25	Secretaría de Comunicaciones y	Ricardo Erazo	General Director of Road Development

	Entity	Individual	Position
	Transportes (SCT)		
26	Secretaría de Desarrollo Agrario, Territorial y Urbano (SEDATU)	Javier Garduño Arredondo	Head of the Policy, Planning, and Institutional Liaison Unit
27	Secretaría de Economía (SE)	Ernesto Acevedo Fernández	Undersecretary of Industry and Commerce
28	Secretaría de Educación Pública (SEP)	Joan Rodrigo Arellano Hernández	Deputy Director of Education in the General Directorate of International Affairs
29	Secretaría de Energía (SENER)	Pedro Miguel Rosaldo García	General Director of Research, Technological Development, Training of Human Resources
30	Secretaría de la Función Pública (SPF)	Luis Gutiérrez Reyes	General Director of Technologies
31	Secretaría de Hacienda y Crédito Público (SHCP)	José de Luna	Head of the Public Credit and International Affairs Unit
32		Brenda Ciuk	General Director of International Financial Organizations
33		Luciana Vanessa Camargo Jofre	Director of International Financial Organizations
34		Ximena López	Director of Operations with International Financial Organizations
35		Oscar Ramírez	Deputy Director of Operations
36		Karla Martínez Casas	Analyst of International Financial Organizations
37	Secretaría de Medio Ambiente y Recursos Naturales (SEMARNAT)	Érika Casamadrid	Deputy General Director of Environmental Financing Schemes
38	Secretaría de Movilidad de la Ciudad de México	Rodrigo Díaz	Undersecretary of Planning
39	Secretaría de Salud (SSA)	Mauricio Velázquez Posada	Director of Information Management
40	Secretaría de Trabajo y Previsión Social (STPS)	Selene Cruz Alcalá	General Director of Public Policies
41	Secretaría Ejecutiva del Sistema Nacional Anticorrupción (SESNA)	Paulina Vallejos Escalona	Deputy General Director for Development and Evaluation of Anticorruption Policies
42		Reyna Caraveo	National Digital Platform
43	Registro Nacional de Población e Identificación Personal (RENAPO)	Jorge Leonel Wheatley Fernández	Managing Director
44		Armando Robinson Álamo	Deputy General Director
	Private Sector (Mexico City, September 20, 2019)		
1	Aliat	Leo Schlessinger	Chief Executive Officer
2	Angel Ventures	Camilo Kejner	Managing Partner
3	Asociación de Bancos de México (ABM)	Arturo Arenas	Credit Director
4	Asociación Mexicana de	Bertha Escalona	Corporate Financing Manager

	Entity	Individual	Position
	Instituciones Bursátiles (AMIB)		
5	Asociación Mexicana de Instituciones de Seguros (AMIS)	Ricardo Calzada	Chief Financial Officer
6	Asociación Nacional de Productores de Refrescos y Aguas Carbonatadas (ANPRAC)	Jorge Terrazas	General Director
7	Asociación Nacional de Tiendas de Autoservicio y Departamentales (ANTAD)	Rogelio Rodríguez Morales	Director of Development
8	BIVA	Santiago Salinas	Head of Institutional Relations
9	Cámara Nacional de la Industria de Transformación (CANACINTRA)	Lorenzo Castillo	Deputy Director of Economic Studies
10	Consejo Coordinador Empresarial (CCE)	Luis Miguel Pando	General Director
11		Javier Treviño	General Director of Public Policy
12		Odracir Barquera	General Director of Planning
13		Óscar Ignarosa	Corporate Image Director
14		Pedro Casas	International Affairs Coordinator
15	Consejo Empresarial Mexicano de Comercio Exterior, Inversión y Tecnología (COMCE)	Fernando Ruiz	Director General and Vice President of Government Relations
16	Consejo Ejecutivo de Empresas Globales (CEEG)	Luz Adriana Ramírez	CEO VISA
17	Confederación de Cámaras Industriales (CONCAMIN)	Othón Roldán	Vice President
18	Confederación de Cámaras Nacionales de Comercio, Servicios y Turismo (CONCANACO)	Juan José García	Director of Internal Trade
19	Consejo Mexicano de Negocios (CMN)	Fausto Gurrea	Head of Foreign Trade and Investment Promotion
20	Consejo Nacional Agropecuario (CNA)	Fernando Haro	General Director
21	Confederación Patronal de la República Mexicana (COPARMEX)	Magali Quintana	Director of Large Companies and Associations
22	IDESA	Patricio Gutiérrez	Chief Executive Officer
23	Neolpharma	Diego Ocampo	Director of Innovation
24	Progresemos	Roberto Athie	Chief Executive Officer
25	Suez	Jordi Valls	Chief Executive Officer
26	Zuma Energía	Adrián Katzew	Chief Executive Officer
	Civil Society (NGOs, academia, think tanks) (Mexico City, September 24, 2019)		
1	Asociación Mexicana de Energía Eólica, A.C.	Héctor J. Treviño	Executive Director
2	Asociación Nacional de Energía Solar	Lourdes Angélica Quiñones Juárez	President
3	Centro de Estudios Económicos del Sector Privado (CEESP)	Francisco Lelo de Larrea	Deputy Director for Economic Research

	Entity	Individual	Position
4	Centro de Estudios Espinosa Yglesias (CEEY)	Roberto Vélez Grajales	Executive Director
5	Centro de Investigación y Docencia Económicas (CIDE)	Jimena Moreno	Legal Representative
6	Centro de Investigaciones y Estudios Superiores en Antropología Social (CIESAS)	Magdalena Villarreal	Researcher
7	Centro de Investigación Económica y Presupuestaria (CIEP)	Héctor Juan Villareal Páez	General Director
8	Centro Mario Molina, A.C.	Julieta Leo	Project Leader in Urban Development
9	Colegio de México	Cristian Solórzano	Coordinator of the Office to Support Institutional Projects
10	CREA. Comunidades de Emprendedores Sociales	Natalia Villalpando	General Director
11	Foundation for Environmental Education México	Anthio Vilora	Chief Clerk
12	Fundación Carlos Slim	Ricardo Mújica Rosales	Executive Director
13	Fundación Ethos	Ana Paula Sandoval	Adviser to the General Director
14	Fundación Mexicana para el Desarrollo Rural, A.C.	Gabriela Martínez	Director of Strategic Alignment
15	Fundación Mexicana para la Educación Ambiental, A.C.	Joaquín Díaz Ríos	Executive Director
16	FUNDAR, Centro de Análisis e Investigación	Edmundo del Pozo	Coordinator of the Territorial, Rights, and Development Program
17	Instituto Mexicano para la Competitividad (IMCO)	Manuel J. Molano	General Director
18	Instituto para el Depósito de Valores (Indeval)	Cecilia Humphrey	Deputy Director for Product Development
19	Instituto para el Desarrollo Industrial y el Crecimiento Económico, A.C. (IDIC)	Adrián Castillo	Director for Macroeconomic Analysis
20	Mexicanos Primero	Gabriela Anzo	Researcher
21	México Evalúa	Edna Jaime Treviño	General Director
22	OXFAM México	Diego Vázquez	Research Manager
23	Rainforest Alliance México	Eileen Muller	Specialist in Sustainable Landscapes
24	Reforestamos México, A.C.	Juan Manuel Ureña Pérez	Director of Institutional Management
25	Tecnológico de Monterrey – Vicerrectoría de Investigación y Transferencia de Tecnología	Isabel Kreiner	Director of Research Development
26	The Nature Conservancy en México (TNC)	Celia Pigueron Wirz	Interim Executive Director & Director for Conservation
27	Transparencia Mexicana	Gabriela Ramírez	Coordinator of the Monitoring Unit
28	Universidad Iberoamericana	Graciela Teruel Belismelis	Director of the Research Institute for Development with Equity (EQUIDE)
29	World Resources Institute (WRI)	Javier Warman	Forestry Director

	Entity	Individual	Position
	México		
30	YOUTHBUILD	Juan Carlos Foncerrada	Director of Public Policy
	Subnational Government (Oaxaca, October 2, 2019)		
1	Comisión Estatal del Agua (CEA)	Benjamín F. Hernández Ramírez	Director
2	Comisión Estatal Forestal (COESFO)	Alfredo Aarón Cruz	General Director
3	Coordinación Estatal de Protección Civil de Oaxaca	Fernando Flores	Adviser
4	Coordinación General de Educación Media Superior y Superior, Ciencia y Tecnología (CGEMSYSCYT)	Macial Efrén Ocampo Ojeda	General Coordinator
5	Coordinación General del Comité de Planeación y Desarrollo de Oaxaca (COPLADE)	Javier Lazcano Vargas	General Coordinator
6	Defensoría de los Derechos Humanos del Pueblo de Oaxaca (DDHPO)	Pedro López Alavéz	Planning Director of the Human Rights Ombudsman
7	Instituto Estatal de Educación para Adultos (IEEA)	David Zavaleta	Planning Coordinator
8	Instituto Estatal de Educación Pública de Oaxaca (IEEPO)	Jorge Rodriguez de la Rosa	Director of Planning
9	Secretaría de Administración	José Germán Espinosa Santibáñez	Secretary
10	Secretaría de Desarrollo Social y Humano (SEDESOH)	Claritza Ordaz Pineda	Undersecretary of Social Inclusion
11	Secretaría de Finanzas (SEFIN)	Rubén Adrián Noriega Cornejo	Undersecretary of Planning and Public Investment
12	Secretaría de la Contraloría y Transparencia Gubernamental (SCTG)	Raúl Arzate Libien	Undersecretary of Administrative Responsibilities
13	Secretaría de las Infraestructuras y Ordenamiento Territorial Sustentable (SINFRA)	Fabian Alejandro Vázquez Martínez	Undersecretary of Territorial Planning
14		Constantino Pérez Morales	Undersecretary of Planning and Works Programming
15	Secretaría de Medio Ambiente, Energías y Desarrollo Sustentable (SEMAEDESO)	Samuel Gurrión Matias	Head
16	Secretariado Ejecutivo del Sistema Estatal de Seguridad Pública	José Manuel Vera Salinas	Head
17	Secretaría de Pueblos Indígenas y Afromexicano (SEPIA)	Ivonne Gallegos Carreño	Coordinator of Cultural Identities and Training Development
18	Secretaría de Salud de Oaxaca	Donato Augusto Casas Escamilla	Head