



1. Project Data :
OEDID: L4123
Project ID: P041820
Project Name: Contractual Savings Development Program
Country: Mexico
Sector: Financial Adjustment
L/C Number: L4123
Partners involved : Interamerican Development Bank
Prepared by: David Greene (consultant), OEDCR
Reviewed by: R. J. Robinson
Group Manager: Ruben Lamdany
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2. Project Objectives, Financing, Costs and Components :
First of a series of operations to support Mexican pension and financial sector reforms . Assisted conversion of the existing public, benefit social security scheme into a privately managed, mandatory, defined contribution scheme . Specifically the objectives were to establish an equitable, efficient, and financially sustainable system; limit the fiscal costs of the existing system and the costs of transition; enhance capital markets, and increase the volume and improve the allocation of financial saving . The project involved US\$ 700 million, of which US\$ 400 million was provided by the IBRD and US\$ 300 million by the IADB. The bank loan was a single tranche operation in which the principle actions were taken before loan approval .

3. Achievement of Relevant Objectives :
All the immediate objectives have been attained; the legal and regulatory frame work was established; an investment management regime was established; the performance of the National Workers' Housing Fund was improved; the fiscal costs of transition were assessed; individual accounts were established and the capacity of the Mexican Social Security Institute to manage the new system was enhanced .

4. Significant Achievements :
The first nationwide pension reform system supported by a World Bank loan . Innovative use of a series of single tranche operations to support an agreed medium term strategy . The new pension system is operating satisfactorily .

5. Significant Shortcomings :
none

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Highly Satisfactory	Highly Satisfactory	
Institutional Dev .:	Partial	Substantial	Considerable change in the country's social security system .
Sustainability :	Likely	Likely	
Bank Performance :	Highly Satisfactory	Highly Satisfactory	
Borrower Perf .:	Highly Satisfactory	Highly Satisfactory	
Quality of ICR :		Satisfactory	

7. Lessons of Broad Applicability :
Bank loan demonstrated how politically sensitive reform can be supported, by making sure there was agreement on a reform agenda, mounting a highly competent technical team, ensuring that key measures were taken before loan approval (thus de-emphasizing "conditionality,") and taking a "low profile".

8. Audit Recommended? ☐ Yes ☒ No

9. Comments on Quality of ICR :

The ICR is of high quality, complete, and clear . Its length is justified by the complexity of the reform . One quibble is that the use of numerous acronyms makes reading somewhat difficult .