Mexico: Country Program Evaluation

An Evaluation of the World Bank Group's
Support to Mexico (2008–17)

IEG Independent Evaluation Group | WORLD BANK GROUP World Bank • IFC • MIGA

WHAT WORKS

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WHAT WORKS

Careful observation and analysis of program data and the many issues impacting program efficacy reveal what works as well as what could work better. The knowledge gleaned is valuable to all who strive to ensure that World Bank goals are met and surpassed.

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abbreviations

APL	adaptable program loan
ASA	Advisory Services and Analytics
COFEMER	Comisión Federal de Mejora Regulatoria (Federal Regulatory Commission)
CONAFE	Consejo Nacional de Fomento Educativo (National Council for Educational Promotion)
CONAFOR	Comisión Nacional Forestal (National Forest Commission)
CONAGUA	Comisión Nacional del Agua (National Water Commission)
CONEVAL	Consejo Nacional de Evaluación de la Politica de Desarrollo Social (National Council for the Evaluation of Social Development Policy)
CPE	Country Program Evaluation
CPS	country program strategy
DPF	development policy financing
DPL	development policy loan
ECD	early childhood development
FONDEN	Fund for Natural Disasters
FSAP	Financial Sector Assessment Programs
ESMAP	Energy Sector Management Assistance Program
GEF	Global Environment Facility
GHG	greenhouse gas
IDB	Inter-American Development Bank
IBRD	International Bank for Reconstruction and Development
ICR	Implementation Completion and Results Report
ICT	information and communication technology
IDF	Institutional Development Fund
IEG	Independent Evaluation Group
IFC	International Finance Corporation
IMF	International Monetary Fund
MIC	middle-income country
MIGA	Multilateral Investment Guarantee Agency
MSME	micro, small, and medium enterprise
NDP	National Development Plan

NLTA	Nonlending technical assistance
PEC	Programa Escuelas de Calidad (Quality Schools Program)
PER	Public Expenditure Review
PFM	public financial management
PLR	Performance and Learning Review
PROSOFT	Program for the Development of the Software Industry
RAS	reimbursable advisory services
SBM	school-based management
SEDESOL	Secretaría de Desarrollo Social (Ministry of Social Development)
SENER	Secretaría de Energía (Ministry of Energy)
SEZ	special economic zone
SHF	Sociedad Hipotecaria Federal (Federal Mortgage Company)
SME	small and medium enterprise

All dollar amounts are U.S. dollars unless otherwise indicated.

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This report was prepared by an Independent Evaluation Group (IEG) team led by Anjali Kumar and Željko Bogetić (co-task team leaders) and comprising Maria de las Mercedes Vellez and Xiaolun Sun (IEG) and Ana-Maria Arriagada, Anne-Clemence Owen, John Redwood, Juan-Jose Fernandez Ansola, and Pamela Lamoreaux, (consultants). Xiaolun Sun and Juan-Jose Fernandez Ansola focused on productivity, competitiveness, and finance; Mercedes Vellez and Ana-Maria Arriagada led the review of the human and social development areas; Željko Bogetić led the analysis of public finance and governance; John Redwood and Anne-Clemence Owen reviewed environment- and infrastructure-related areas. Pamela Lamoreaux reviewed the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency portfolios. Earlier support to the team was also provided by Lodewijk Smets (geospatial analysis) and Margarethe Celse l'Hoste and Yumeka Hirano (portfolio analysis and literature search). Appendix I on the geospatial analysis was prepared by Mario Negre, Hannes Öhler, and Željko Bogetić. Anis Dani advised the team. Gaby Loibl and Dung Thi Kim Chu were responsible for administrative aspects and document management.

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Overview

MEXICO'S RELATIONSHIP with the World Bank Group underwent a succession of significant changes during the 10 years covered by this evaluation, from a secure client that had just prepaid over half of its outstanding International Bank for Reconstruction and Development (IBRD) debt, to the World Bank's single largest borrower during the global financial crisis, and today, to a consumer primarily of World Bank knowledge, with borrowing at around one-tenth of crisis levels. Mexico's borrowing needs have been cyclical rather than structural, buttressing its own debt management. Yet, Mexico remains a country with structural constraints to growth, high inequality, and regional poverty. These areas, which are in line with the World Bank's twin goals, have been a significant focus of Bank Group intervention and where it retains an important structural role.

Flexibility in instruments of engagement, moving between lending and knowledge work focused on structural constraints permitted rapid scale-up as needed. Knowledge engagements helped convene diverse government agencies across multidimensional development issues. Many knowledge products had spin-off benefits for other World Bank clients. Partnerships played a significant role in some knowledge and lending engagements; they could be extended.

The Bank Group partnered closely with the government to identify broad areas of engagement for the country strategy. In the recent Country Partnership Strategy (CPS), these areas were further filtered to a selective core according to World Bank comparative advantage. Program success varied across pillars of engagement. In the raising productivity pillar, there were achievements in subnational business regulation, innovation, telecommunications, and several International Finance Corporation (IFC) investments, financial stability and trade and logistics, but some uncertainty of outcome and offtake in competitiveness remains. The World Bank helped launch an innovative catastrophic bond issuance platform, MultiCat, to give governments from developing countries access to affordable insurance through capital markets. The human development program responded swiftly in the crisis, protecting the vulnerable, and helping government efforts to reduce social deprivation by supporting the conditional cash transfer and national health insurance programs, despite some difficulties in health lending. Its seminal knowledge work was globally recognized. World Bank–supported reforms and innovation had positive results on school efficiency and early, promising results regarding learning outcomes. In the public finance area, World Bank support for structural changes in non-oil revenues and subnational public finance and public sector reforms have been pivotal. World Bank engagement with the environment and infrastructure, beginning with its design for a low-carbon footprint, was largely successful—though with some difficulties in water management and with some IFC investments in affordable housing and alternative energy.

Core programs on knowledge have been influential and appreciated by the client. However, although programmatic knowledge engagements brought flexibility, they risked lack of structure or limited government buy-in. Although fee-for-service engagements were consistently appreciated, their availability to a wider World Bank Group audience varied. The World Bank's knowledge program in Mexico could be enhanced with better sharing and curating of information on knowledge activities, especially reimbursable advisory services (RASs) and broader partnerships with local think tanks and academia.

IFC investments in Mexico have had highly variable results, with successes in core industry, ports, and forests and biodiversity, but poor outcomes in housing finance and affordable housing, water management, and renewable energy. Despite variable outcomes, IFC's willingness to take risks and efforts to innovate are noted. It would be beneficial to IFC to guard against portfolio concentration in Mexico. Closer IBRD-IFC collaboration would be beneficial.

Motivation and Approach

This evaluation assesses the development effectiveness of the Bank Group's country program in Mexico between 2008 and 2017 to inform the next CPF (FY19). The Country Program Evaluation (CPE) will deepen knowledge on what has and has not worked and provide timely feedback on upcoming operational choices. The report will inform not only the Bank Group's Mexico Country Management Unit and Mexican government but also a wider Bank Group audience, focused on middle-income countries (MICs) and other development practitioners.

The evaluation examines the relevance and effectiveness of the Bank Group program in Mexico in its core areas, and also, as a methodological innovation, examines four overarching areas: (i) the extent to which the Bank Group contributed to identifying Mexico's binding development constraints and to promoting sound policy choices; (ii) Bank Group contributions to Mexico's results in reducing poverty and promoting shared prosperity; (iii) the effectiveness of Bank Group use of lending, knowledge, and convening power services in shaping its role; and (iv) the extent to which Bank Group support to Mexico's development innovations was beneficial to the Bank Group's knowledge base and to other

Bank Group member countries. Overall results reflect both program results in core areas and the answers to the overarching questions.

The evaluation undertook a systematic review of relevant portfolio documents supplemented with structured interviews with a range of stakeholders including World Bank and IFC staff, IFC investee companies, government counterparts at federal and subnational levels, think tanks, and development partners. Specific investigations on Advisory Services, research outreach, and spatial development issues supplement the traditional review.

The Country Context

Mexico has had low growth, moderate poverty reduction, and high inequality in the crisis and recovery period, together with social problems of corruption, crime, and violence. Growth, at 2.1 percent from 2008 to 2016, was less than half the MIC average of 4.9 percent. Although multidimensional poverty fell, income growth of the bottom 40 percent was below the mean. Inequality remained unchanged.

Against this backdrop, Mexico has been one of IBRD's largest borrowers, ranking between first and third place in terms of its outstanding portfolio over 6 of the past 10 years. Yet, its borrowing needs have been cyclical rather than structural.

World Bank Group Strategies in Mexico

The first Bank Group CPS covered by this evaluation (for fiscal year (FY)08–13) was formulated against a backdrop of economic success but implemented largely during a period of crisis. Although economic recovery was swift, structural problems persisted, with low non-oil revenues and low productivity despite an open, export-oriented economy. In 2013, the new administration launched wide-ranging reforms in education, financial services, telecommunications, public finance, and energy. Income poverty stagnated, despite improvements in other social dimensions. Regional disparities persisted. Thus, the second Bank Group CPS reviewed (for FY14–19) focused on such structural issues, through the lens of the World Bank Group's twin goals.

The FY08–13 CPS was anchored in the principle of flexibility and rapid response, in six core areas of engagement: accelerating growth, improving competitiveness, promoting social inclusion and reducing poverty, developing infrastructure and assuring energy security, strengthening institutions, and assuring environmental sustainability. The World Bank proposed anchoring most lending in a single, flexible annual development policy loan (DPL), together with nonlending services. With the advent of the global crisis and at the client's request, the World Bank quickly scaled up DPL financing in support of investment climate, fiscal, and social transfer programs.

The FY14–19 CPS, implemented in the postcrisis period, under a severely restrictive single borrower constraint, included a systematic effort at selectivity, based on client demand; the twin goals of the

Bank Group; and Bank Group comparative advantage. On the basis of these principles, the World Bank exited several areas of previous CPS engagement, including governance and trade policy. At the behest of the government, issues of corruption were not included. Lending was largely limited to the themes of social prosperity and green and inclusive growth. Knowledge activities were increasingly anchored in programmatic approaches and RASs. Attention to gender mainstreaming increased, reflecting government priorities. Engagement with subnational clients in poor states also increased.

Bank Group interventions in the FY14–19 CPS were organized under four themes, which form the core pillars for this evaluation for both CPS periods (FY08–13 and FY14–17). Activities of each period are mapped under these pillars: unleashing productivity (finance, trade, innovation, and infrastructure); increasing social prosperity (improved access and quality of education, skilled labor force participation, greater gender equality, enhanced cash transfer programs and an integrated social protection system); strengthening public finances and government efficiency (enhancing the tax system and the targeting of expenditures, strengthening engagement on subnational finances, improving public sector management, and enhancing risk management); and promoting green and inclusive growth (with a green footprint in areas such as waste management, transport, and housing, in additional to wind and solar energy and forest management).

The World Bank Group Operational Program

During FY08–17, the World Bank had 63 loans and 174 Advisory Services and Analytics projects in Mexico. Although lending predominated in the first period, advisory services dominated in the second. Together with these were 122 IFC investments and 13 advisory services and 1 Multilateral Investment Guarantee Agency (MIGA) guarantee. Many knowledge activities were fee for service (34 in all), and close to half were associated with a programmatic approach. In addition, 360 World Bank research documents with a reference to Mexico were published.

Bank Group Strategies: Relevance of Objectives and Design

Reflecting prevailing World Bank thinking, the first Mexico CPS only indicated broad areas of engagement, stressing the need for flexible, demand-driven services, rapid response, and lending anchored in a single, flexible annual DPL. As the global crisis unfolded, the flexible Bank Group CPS, together with the headroom created by Mexico's prepayment, enabled an appropriate countercyclical response. These engagements found opportunity in crisis, extending areas of strong and mutually agreed policy commitment.

In the aftermath of the crisis, with a strong gross domestic product recovery of more than 4 percent a year in 2010–12, Mexico's need for World Bank financing dwindled, even as headroom constraints resulting from the spike in lending over the crisis and the single borrower limit constricted new World Bank lending. The priorities of the new government shifted toward its ambitious structural reform agenda. The World Bank's agenda for engagement moved deftly in parallel, from lending to knowledge-based support for the reform agenda. Areas for IFC and channels of World Bank–IFC collaboration were better defined, with explicit use of partnerships and trust funds. The shifting mix of lending instruments from DPLs to investment loans reflected not only new lending constraints at the World Bank but also support to Mexico for better debt management. Advisory work, mostly through programmatic approaches and RASs moved decisively toward subnational engagements, many in poorer states; subnational lending remained a challenge.

Thus, the CPS strategies of both periods were broadly relevant in their objectives and design. Built-in flexibilities of the first period proved prescient.

Achievements of World Bank Group Strategies

Overall outcomes have been satisfactory in many areas, 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 health insurance for the poor (Seguro Popular) and social assistance (Prospera) and cash transfer programs (Oportunidades), climate change interventions, and convening South-South exchanges. Areas of limited success were found in certain IFC (for example, housing finance and affordable housing, wastewater management and renewable energy) and World Bank programs (for example, water and sanitation, capacity to control epidemics). As agreed with the government, the World Bank was not directly engaged in some areas of developmental constraints, such as corruption and crime and violence. Two pillars, raising productivity and green growth, are rated moderately satisfactory and the other two, increasing social prosperity and public finance and governance, are rated satisfactory.

Raising Productivity

Within this context of low growth, moderate poverty reduction, and high inequality, Mexico has made important progress and achieved development results in many areas. In the areas of productivity and competitiveness, Mexico had low total factor productivity, but other indicators of competitiveness show progress. For example, trend improvement in Doing Business indicators in Mexico show significant improvement in country ranking. Subnational Doing Business reports (rolled out to all 31 states) identified business environment constraints and proved a catalyst for reforms. And World Economic Forum Global Delivery Initiative data show Mexico's innovation ranking improving. Except for many nonbank housing *Sofoles* that had to be liquidated, Mexico's financial system weathered the crisis well.

World Bank Group Contributions

World Bank contributions toward the government's program on competitiveness, innovation, and information and communication technology (ICT) have been broadly positive, with the rollout of the subnational joint World Bank–IFC Doing Business to all states. Support to the information technology sector has been highly positive, helping Mexico develop the second-largest technology industry in Latin America. In the special economic zones (SEZs) sphere, the World Bank had significant inputs, helping apply global best practices to address persistent regional constraints. However, on innovation, early results did not lead to program rollout. Similarly, the outcomes of support to the national small and medium enterprise (SME) agency are not yet evident. Outcomes of the Bank Group program in telecommunication were scattered. IFC supported trade logistics with successful investments in ports.

The World Bank's series of Financial Sector Assessment Programs clearly identified financial sector constraints to stability and sound financial regulation. Improvements in prudential oversight, bankruptcy regulation, and other areas were reflected in the 2014 financial reform. To broaden and deepen the financial system, the World Bank helped consolidate Mexico's network of rural savings and credit institutions. IFC engaged successfully with many microfinance institutions, though less with institutions targeting an SME clientele. However, Bank Group fee-based advice to the housing finance agency could not be implemented, and many IFC housing finance investments failed. The World Bank's contributions to the development of the catastrophic risk bond were highly significant, whereas other capital markets instruments met with limited follow-up despite good analysis. Offtake of financial infrastructure and consumer financial protection analyses has been mixed.

Overall results for this pillar are moderately satisfactory.

Increasing Social Prosperity

In human development, Mexico has achieved remarkable progress in increasing health insurance coverage to the poor and informal workers. Enrollment expanded greatly, from 27.2 million in 2008 to 53.3 million in 2017. The Oportunidades (now Prospera) program benefits a much larger percentage of the poor population in indigenous than in nonindigenous municipalities. Access to education has also continued to improve, including in early childhood, but quality and learning outcomes remain a significant challenge. Despite these achievements, Mexico's income inequality remains very high; poverty is especially high in the southern states and among the indigenous population, and social mobility is low. Mexico is one of the few countries in Latin America without a major automatic stabilizer such as unemployment insurance, making households vulnerable to demand shocks.

World Bank Group Contributions

Mexico's social development indicators improved in some dimensions, and the World Bank's program in human development had positive results. World Bank support during the global crisis focused on two well-established and well-targeted government initiatives (Seguro Popular and Oportunidades), helping the government address its binding fiscal constraints by providing additional fiscal space to sustain and expand these programs. World Bank technical assistance in health has been valued, even if no financial support was sought in the second CPS period. And IFC's equity stake in Sala Uno and its three loans for hospitals benefited rural and low-income people.

On education, the World Bank supported reforms to enhance access, equity, and quality of education services to the poor and to improve learning outcomes. Concrete results in learning outcomes are few but promising. Good results have been achieved on improving access for disadvantaged populations and enhancing the internal efficiency of the education system. Innovative impact evaluation of school-based management models has provided substantial inputs for program improvement. World Bank support for strengthening Oportunidades/Prospera and the social protection system promoted resilience, equity, and opportunity. Knowledge contributions in the human development sectors were of notably high quality.

Overall results for this pillar are satisfactory.

Strengthening Public Finance

In public finance and governance, Mexico has weathered the crisis well with countercyclical fiscal management and deft debt management and mobilization of external direct and contingent financing support. It has significantly increased non-oil revenues—which has been a long-standing structural problem—eliminated regressive fuel subsidies, and introduced results-based budgeting. New fiscal responsibility legal frameworks supported better debt management and stability at subnational levels. However, frameworks for public investments need improvement and, given high inequalities, greater fiscal policy focus on equity is needed.

World Bank Group Contributions

The outcomes of the Bank Group program on public finance have been strong, even if contributions to governance were modest. In terms of contributing to Mexico's countercyclical fiscal management needs, the country weathered the global crisis well, in part thanks to the quick policy and financing response from the World Bank, which also helped mobilize other financing for the creation of fiscal space. Crisis engagement strengthened trust with the client government and set the stage for broader later engagements on tax reform and public expenditures.

The World Bank also directly supported Mexico's medium-term structural reforms in public finance, notably, increasing non-oil revenues, helping eliminate fuel subsidies, and strengthening public expenditure management. It also contributed to macro-fiscal and debt management at subnational levels, including the fiscal responsibility legislation. The design and results of the Mexican tax reform have since informed efforts elsewhere, notably, in China.

World Bank engagement has been especially significant at the subnational level as affirmed by state officials. However, the World Bank's effectiveness is constrained by political uncertainty and by high local staff turnover.

On balance, results for this pillar are satisfactory.

Promoting Green and Inclusive Growth

In green growth, Mexico has been a leader among developing countries addressing climate change, showing willingness and determination to decouple carbon emissions and economic growth. Carbon emissions per capita declined from 4.12 tons in 2008 to 3.87 tons in 2014. The government aims to reduce its emissions 22 percent below 2000 levels by 2030 and 50 percent below by 2050, including via the use of carbon pricing. The Mexican Congress passed a tax on carbon from fossil fuel use, charging $3.50 per ton of emissions, which is expected to reduce greenhouse emissions by 1.6 million tons and bring in $1 billion in revenues. The share of electricity produced from renewable sources has increased from 3 percent in 2008 to 5.1 percent in 2016. Access to improved water sources and the percent of population with access to water have continued to increase, but the water situations in some areas, including the capital, require concerted public policy attention and renewed efforts.

World Bank Group Contributions

The World Bank found opportunity in crisis, using DPLs to advance policy and institutional reforms for climate change and low-carbon development. Over the review period, operations in the energy sector (renewables and efficiency), forestry, biodiversity and (urban) transport sectors have had mostly positive outcomes or are being implemented successfully, thanks to borrower commitment, and leveraged by trust fund resources, and underpinned by high-quality analytical work.

There have been areas of poorer performance and more moderate results (that is, water supply and sanitation, support to the national meteorological agency) and other disappointments (failure to advance subnational water and waste management) or slow disbursements, some of which are owing to frequent difficulties with state financial intermediaries. IFC's results were mixed and overall deemed moderately unsatisfactory. Although IFC achieved positive results and impact in its forestry and climate change projects, the performance of several projects in green urban development, renewable energy, and water efficiency was highly unsatisfactory.

Overall results for this pillar are moderately satisfactory.

Overarching Contributions

Although Mexico itself has a high level of awareness of its binding development constraints in many areas, the World Bank went a step further, targeting its advisory work to helping Mexico evaluate policy options to address sectoral binding constraints with trade-offs and choices. This was evident in the World Bank's work on tax reforms for revenue mobilization, non-oil revenues, the energy subsidy phaseout, subnational debt management, SEZs, ICT development, developing a low-carbon growth blueprint, among others. Yet, binding constraints to low growth overall and to governance issues continue to be the focus of ongoing national policy debates with no clear consensus, and the World Bank appears to have only provided partial insights and interventions. At the sector level, however, the World Bank's extensive knowledge has generally been of high quality, focused on key issues, and influential.

Reducing Poverty; Sharing Growth

Many elements in the Bank Group agenda for raising productivity targeted poor states and frontier regions. The SEZ agenda specifically targeted such regions. IFC's Doing Business support specifically assisted the state of Guerrero, and a new rollout with Oaxaca is under way. IFC's investments for competitive industries included Etileno, a greenfield petrochemical plant in the frontier state of Veracruz, and the rollout of the Red Compartida telecommunications network is likely to particularly benefit remote and underserved regions. The World Bank helped expand safe financial services to remote areas. Inputs to the impact evaluation of Mujeres Movimiento México provide critical information on the effectiveness of a sizable support program for women entrepreneurs.

World Bank assistance in human development largely supported well-established national programs without a focus on particular states, but always targeted interventions to reach the most vulnerable. Almost all individuals in the lowest deciles without contributory social security systems were affiliated with Seguro Popular. The World Bank helped increase access to basic education and students in marginalized areas, and World Bank assistance in upper secondary education helped improve retention rates of the poorest 40 percent. In social protection, World Bank support to the conditional cash transfers program Oportunidades/Prospera helped boost human capital formation. Although World Bank assistance did not have a gender-specific focus, there were exceptions.

World Bank contributions to the twin goals in public finance have been largely indirect, via promoting macroeconomic stability, increasing government revenues, and strengthening tax and public expenditure policies. In lagging regions, the World Bank had a presence in some of the poorest states, even though targeting the poorest states per se was not an objective of the World Bank program. Early results of a geospatial analysis of World Bank interventions across states suggests that the World Bank has been present in states and regions where the bottom 40 percent live, especially when extensive knowledge analytic and advisory activities interventions at the subnational level are considered.

Many World Bank operations in the green growth pillar, such as community forest management, coastal management, or water management, naturally supported poor regions. The World Bank's wind farms in the south benefited poor rural communities and indigenous peoples. Moreover, disaster risk prevention and agricultural insurance mechanisms associated with increasing extreme weather events, especially the MultiCat program, benefited the poor and those in vulnerable regions. Some state-specific lending (Oaxaca Water and Sanitation Modernization, Community Forestry, and Climate Change) focused significantly on poorer states, especially Guerrero and Oaxaca. Other interventions were nationwide, or seemingly focused on better off regions, such as the support for the Insurgentes transport corridor in Mexico City, the much larger national Urban Transport Transformation Program, and water resource management in the Valley of Mexico, but poorer segments are expected to benefit disproportionately.

Leveraging Lending, Knowledge, and Convening Power

World Bank assistance progressively shifted toward Advisory Services, relative to lending, where its access to frontier knowledge across countries has been key to its success with the government. Overall, knowledge products were of high quality and contributed substantively to government programs. In the education sector, the World Bank's assistance in evaluating programs has helped make a go or no-go decision regarding specific programs. In public finance, the World Bank helped increase non-oil revenues, strengthen tax bases, improve revenue collection, and help strengthen subnational debt management. Technical assistance significantly underpinned lending, especially in the first CPS period, where it enabled the rapid response during the crisis. World Bank analytics underpinned new development policy and investment lending operations, for example, the low-carbon development study, water supply and sanitation in Oaxaca, and the Cutzamala River Basin collaborative technical assistance.

The programmatic approach to knowledge services operated with high flexibility and allowed rapid response. However, this was sometimes at the expense of a more strategic vision, as evidenced in both the health and financial sectors—perhaps compounded by the absence of a borrower financial stake, unlike in lending, perhaps prompting some services that were not later used. RASs were mostly, even if not invariably, highly appreciated for their technical content. RASs do not appear to preclude the World Bank from having a high-level seat at the policy table. In some areas, however, RASs were not shared even among World Bank staff, which limits their contributions to overall World Bank knowledge.

Developing a Knowledge Base

Evidence, both from the feedback the Independent Evaluation Group (IEG) received and from the independent analysis of the outreach of World Bank publications on Mexico, suggests that World Bank work in Mexico has considerable externalities not only to the other World Bank clients but also beyond the Bank Group. Although most World Bank documents are downloaded in the United States, a third are downloaded in other countries; mostly by non-World Bank audiences. And through its South-South knowledge exchanges, Mexico is a major source of knowledge services, especially within the Latin America and the Caribbean Region. Tracking systems for knowledge outreach, even at a World Bank–wide level, are patchwork, and data on the cost are particularly inadequate.

The World Bank has collaborated intensively with the Inter-American Development Bank (IDB), for example, in Oportunidades /Prospera; labor market analysis is left largely to the IDB. Trust funding was extensively used, as in the green growth area. However, the Mexico program could improve by broadening engagement and partnership with leading Mexican think tanks, academics, and civil society. These have the potential to leverage the World Bank's knowledge toward wider dissemination and outreach and therefore increase impact.

Overall Assessment

Regarding the four overarching questions addressed by this evaluation, the Bank Group, especially the World Bank, has contributed to the identification of binding development constraints under each pillar through policy notes and extensive knowledge work, but it could have been more present in the national policy debates about overall binding constraints to development. The Bank Group contributed to poverty reduction, shared prosperity, and inclusive growth, with its interventions in poor states and support to well-established national social programs that targeted the most vulnerable. A preliminary geospatial analysis of Bank Group interventions in Mexico indicates a degree of congruence between the location of interventions and the bottom 40 percent, especially when knowledge services are considered. On leveraging lending, knowledge, and convening power, the World Bank has progressively shifted toward a strong focus on the delivery of advisory services, reflecting strong government demand for access to frontier knowledge, although IFC Advisory Services dwindled in the second period. For the World Bank, this has been key to traction with the government, as evidenced by many fee-based services. Knowledge products were of generally high quality and contributed substantively to informing lending operations and to government programs. The World Bank has also exercised a strong convening role, including, for example, in collaborating with the external partners (such as the IDB) in support of the Oportunidades program. Finally, in developing a knowledge base for other Bank Group member countries, World Bank work in Mexico has had externalities not only to other World Bank clients but also beyond the Bank Group.

The overall assessment relies on both the pillar ratings and the evidence on how the program performed under the areas covered by the overarching questions. Although the former placed the program between moderately satisfactory and satisfactory (taking into account both IBRD and IFC), the latter tilted the overall assessment toward satisfactory, based on relatively strong contributions by the Bank Group to identify binding development constraints, orient the program toward reducing poverty and improving shared prosperity, and the contributions of the Bank Group Mexico program to the knowledge base of the Bank Group in ways that may also inform its contributions to other clients. The overall outcome of Bank Group support to Mexico over the review period is therefore judged to be satisfactory.

Lessons for Mexico and Other MICs

Overarching messages emerge from the evaluation, many of which are also relevant for other World Bank clients, especially other MICs and upper-middle-income countries.

Providing Policy Guidance and Exercising Convening Power

The Bank Group should continue to be active in national policy dialogue, helping the government identify and address binding constraints to growth, poverty reduction, and shared prosperity, through its analytical work and convening power, and in line with the World Bank's twin goals. Based on the current findings, the Bank Group's Country Partnership Framework with Mexico and other MICs could be cognizant of the potential for such engagement to contribute to innovations in development, identifying benefits from innovation as well as lessons from less successful engagements.

Balancing Detailed Strategy with Flexibility

Flexibility in the World Bank's engagement was critical to rapidly reprioritize and scale up in a changing environment in Mexico. This will be important in World Bank engagement in all MICs, as their traditional financing needs diminish and the World Bank takes on the role of an exceptional lender at critical times, in addition to targeting specific areas aligned with the World Bank's own twin goals in core lending. The Bank Group can use exceptional lending to catalyze progress in areas of agreed common priority. The World Bank's adroit shift from high-volume crisis lending to a knowledge-based client strategy, and the inbuilt flexibility in its country strategies that permitted this, could hold lessons for other MICs in similar transitions.

Deepening Subnational Engagement in Lagging Regions

Although the World Bank continues to accompany reform at the federal level, its greatest contributions in Mexico and other MICs will arise at the subnational level, due to widespread differences in regional needs and human development levels and large development needs in lagging regions. Even if high-income status approaches, and Mexico accelerates growth, more emphasis on the subnational level in lagging regions would dovetail well with large regional disparities and high poverty in some states, as well as with the World Bank's twin goal strategy, though many challenges would still require universal rather than targeted approaches (the human development area is an example). However, difficulties faced in implementing subnational lending engagements can be a major challenge, compounded in the case of Mexico by its institutional constraints on external lending, subnational debt, and complex center-state fiscal arrangements. Currently, though subnational lending has sometimes encountered roadblocks, the Bank Group has successfully engaged at the subnational level through advisory work. It would be valuable for the World Bank to adopt an explicit strategic approach for subnational engagements, taking advantage of multiple instruments. In this regard, IFC must be credited with a strong frontier-state focus, which could deepen with close collaboration with IBRD and the MIGA.

Strengthening Knowledge and Partnerships

Mexico clearly demonstrates the importance of quality analytical work in MICs with complex needs for highly specialized technical guidance, and the role of the Bank Group as a convener of such knowledge both within and outside Mexico. It is critical to maintain analytical skills while allowing for experimentation and innovation and developing the tools to track outreach and outcomes. Although some of the most effective engagements were in knowledge, convening power, and promotion of South-South learning, currently the World Bank is ill equipped to evaluate or systematically track outreach.

Equally, there is a need for strengthened monitoring and evaluation tools for analytic and advisory activities (AAA). Although programmatic AAA has the capacity to respond swiftly to government requests, maintaining strategic selectivity, even in fee-for-service, is critical. In the same vein, the World Bank should try to ensure the availability of its RAS outputs at least to World Bank staff, to build its own global knowledge base and rise above the role of private consultancy service. A critical mass of World Bank–funded-funded strategic knowledge is important for the World Bank to inform policy and its program, especially in unforeseen circumstances.

Trust funds and partnerships with other developmental partners have significantly furthered the World Bank's knowledge agenda. At the same time, there is scope for the World Bank to increase its interactions with local partners and think tanks to leverage its internal influence.

Maximizing Effective Private Finance

Crowding in more private finance for higher total development impact, especially in the poorest regions, is a challenge the World Bank, IFC, and MIGA should take on explicitly—and together. IFC's engagement in housing construction and finance showed that greater awareness of government policy could better guide IFC investments. IFC's choice of intervention areas was sound; however, its choice of intervention design could be strengthened, due diligence and ongoing oversight could be improved, and risk concentration could be limited, to increase the likelihood of success. Although its focus on frontier states is commendable, IFC's footprint could be increased with further strategic private partnerships, as its successful syndications have shown. IFC could also try to simplify lending requirements in terms of fee structure, insurance requirements, security, and environmental and social guidelines; and could also aim to educate more clients in its Green Edge Tool certification.

Recommendations

This evaluation has identified certain areas where there is room for enhancing the Bank Group's contributions to addressing Mexico's development challenges. First, although the World Bank has generally been at the forefront of the policy debate in key areas of engagement, its presence at the national policy debate level could have been greater. In the absence of clear consensus on the binding constraints to development in Mexico, the World Bank perhaps could have more actively participated in that national debate and used it to leverage its program and overall contribution. Field consultations indicate that the Bank Group is a widely respected and trusted partner and that there is demand for its participation in national policy debates not only from the government but also from other stakeholders.

Second, the global financial crisis changed the engagement context, and the World Bank rapidly and flexibly responded to the client's needs. Although IFC itself suffered losses in Mexico because of the crisis, it was able to find opportunities for new support. Overall, the Bank Group's response was swift and appropriate. Planning for such unforeseen scenarios in the future is perhaps in order.

Third, the Bank Group program has increasingly targeted subnational governments where development challenges are the greatest. It seems important to deepen and broaden those engagements based on the experience and results so far.

Fourth, although extensive RASs are generally of high quality and appreciated by the client, strategic coherence and curation of that knowledge within the World Bank could be improved.

And fifth, given existing constraints to the volume of financing that the World Bank can provide Mexico, the Bank Group needs to actively seek synergies across its institutions and to leverage interventions that can crowd in other sources of private and official finance for greater development impact.

These findings lead to the following recommendations for the Bank Group program in Mexico, as it engages the new government expected to take office in December 2018.

Recommendation 1. Ensure the presence of the Bank Group in national policy dialogue, especially in areas that represent binding constraints to Mexico's development, by explicitly building such areas into the Bank Group program of engagement based on prior analysis.

Recommendation 2. Incorporate flexibility through the explicit adoption of CPS scenarios for exceptional times, adapting to country circumstances while prioritizing the Bank Group's twin development goals.

Recommendation 3. Strengthen subnational engagements in lagging regions with high incidences of poverty, inequality, and constrained social inclusion, and increase attention to gender and indigenous groups.

Recommendation 4. Strengthen knowledge management and effectiveness by ensuring (i) the strategic coherence of programmatic approaches; (ii) the sharing of RAS outputs with World Bank staff and, potentially, a broader public; and (iii) development of a systematic approach to tracking knowledge outputs, outreach, costs, and funding.

Recommendation 5. Develop a program of engagement that maximizes effective private finance for development by leveraging Bank Group synergies and crowding in other private financing sources through more explicit complementary program areas between IBRD and IFC, and through more efforts by IFC to crowd in private finance.

1

Purpose and Context

THE PURPOSE of this Country Program Evaluation (CPE) is to assess the development effectiveness of the World Bank Group's country program in Mexico between 2008 and 2017, covering two previous administrations. It will inform the next Country Partnership Strategy (CPS; fiscal year [FY]19) for a new administration and World Bank Group strategies in other middle-income countries (MICs), deepening evidence on what works and why, and providing real-time feedback on operational choices. The assessment distinguishes between the government's achievements and the Bank Group's contributions and provides evidence of these. The evaluation is expected to be of use to the Bank Group country teams, other MICs, the Government of Mexico, and development partners.

The Country Context

Mexico has been one of the largest International Bank for Reconstruction and Development (IBRD) borrowers over the past decade. The first Bank Group CPS (FY08–13) was prepared against a backdrop of economic success, sound macroeconomic management, liberalization, and an accumulation of reserves that led to Mexico repaying more than half its outstanding IBRD debt. But structural problems persisted: low average growth, low non-oil government revenues, low productivity, wide disparities, variable subnational governance, violent crime, and a perception of corruption.[1] Recovery from the global crisis was swift, but job creation lagged and productivity and income poverty stagnated. During 2008–16, Mexico experienced lackluster growth, averaging 2.1 percent (0.6 percent on a per capita basis), less than half the MIC average (4.9 percent). Although non-oil government revenue increased from 10 percent in 2008 to 14 percent in 2016 (13 percent in 2017 and 2018), the share of oil remains high.

Inequities and high poverty persist, especially in states with a limited tax base, low capacity, and high dependence on transfers. Mexico's multidimensional poverty index for the extremely poor fell from 11.3 percent in 2010 to 7.6 percent in 2016, helping reduce the overall index from 46.1 percent to 43.6 percent, and extreme poverty, measured at $1.9 per person per day, declined from 3.8 percent in 2008 to 3 percent in 2014. But income growth of the bottom 40 percent was below the population mean. Regional poverty in lagging states such as Chiapas exceeds 76 percent. On a gender basis, parallel reductions in poverty occurred between men and women, though the absolute number of women among the poor remained somewhat higher. Income inequality remained high, with the Gini index unchanged at 48.2 over the same period. The new administration launched broad reforms in education, financial services, telecommunications, public finance, and energy.

The World Bank Group Strategy in Mexico (FY08–17)

The Bank Group strategy in Mexico reflects the country context and evolving World Bank strategy toward MICs. The strategy toward MICs from 2001 emphasized a flexible approach and poverty reduction, anchored in the countries' own strategies and development innovation, and Mexico's easy access to capital markets. In this context, Mexico's demand for financing in relation to the World Bank has been cyclical rather than structural. The FY08–13 CPS was, therefore, flexible. It emphasized on-demand services and rapid response and was based on six core themes: accelerating growth, improving competitiveness, promoting social inclusion and reducing poverty, developing infrastructure and assuring energy security, strengthening institutions, and assuring environmental sustainability. These guided World Bank interventions. The World Bank anchored most lending in a single, flexible annual development policy loan (DPL) and enhanced nonlending services. This flexibility allowed the World Bank to deliver a swift, large-lending response to the government's request for support during the global financial crisis.

By contrast, the FY14–19 CPS was a postcrisis strategy, shifting toward nonlending and knowledge and convening services against limited IBRD financial headroom. For the high-impact Bank Group activities, the World Bank applied selectivity based on client demand, the twin goals, and Bank Group comparative advantage, and exited some areas, such as governance and trade policy. Lending was limited to green and inclusive growth and social prosperity and knowledge, largely anchored in programmatic approaches and reimbursable advisory services (RASs). The World Bank proposed continuing to work with subnational clients in poor states. Synthesizing these directions, Bank Group interventions in the FY14–19 CPS had four themes, or core pillars, as described in the 2017 Performance and Learning Review (PLR) and used to evaluate both CPS periods covered in this evaluation (FY08–13 and FY14–19).[2] These pillars are (i) unleashing productivity (finance, trade, innovation, and certain infrastructure); (ii) increasing social prosperity (improved access and quality of education, skilled labor force participation, greater gender equality, an enhanced cash transfers program, and an integrated social protection system); (iii) strengthening public finances and government efficiency (enhancing the tax system and the targeting of expenditures, strengthening engagement on subnational finances, improving public sector management, and enhancing risk management); and (iv) promoting green and inclusive growth, focusing on a green footprint in areas such as waste management, transport, and housing, in addition to wind and solar energy and forest management.

The World Bank's Operational Program

During FY08–17, the World Bank had 63 loans and 174 Advisory Services and Analytics (ASA) projects in Mexico. There were also 122 International Finance Corporation (IFC) investments and 13 IFC Advisory Services projects and one Multilateral Investment Guarantee Agency (MIGA) guarantee project. Lending predominated in the first period and advisory services in the second (table 1.1).[3] Knowledge work far exceeded the lending portfolio, with many activities being fee for service (34 in all) and close to half being associated with a programmatic approach. The 28 programmatic activities have 74 associated subactivities. Some 360 World Bank research documents with an explicit reference to Mexico were published in FY08–17; 65 percent (234) are linked to a Bank Group lending or ASA code. IFC Advisory Services in Mexico slowed to negligible levels in the second period.

TABLE 1.1 | World Bank Portfolio by Pillar and Country Program Evaluation Period, FY08–17

Pillar	Lending Projects		ASA
	Projects (no.)	Commitment amount ($, millions)	Projects (no.)
First CPE Period 2008–13			
Raising Productivity	6	2,155	11
Shared Prosperity	8	3,812	16
Public Finance and Government	4	1,596	16
Green and Inclusive Growth	18	4,771	21
Subtotal	36	12,334	64
Second CPE Period 2014–17			
Raising Productivity	4	680	34
Shared Prosperity	9	4,355	27
Public Finance and Government	2	318	12
Green and Inclusive Growth	12	1,358	37
Subtotal	27	6,711	110
Total	63	19,045	174

Source: Independent Evaluation Group portfolio review (approach paper portfolio).

Note: ASA = Advisory Services and Analytics; CPE = Country Program Evaluation.

In terms of portfolio quality, Mexico's commitments at risk averaged just 5.5 percent during 2008–13 but rose to 15 percent over the following three years. With active portfolio management, commitments at risk were brought down to 8.4 percent in 2017. World Bank totals for Mexico's portfolio at risk for the whole period were 8.8 percent, suggesting a favorable comparison with the rest of Latin America (17.1 percent) and with all countries' projects taken together (19.1 percent) (appendix D). Independent Evaluation Group (IEG) ratings of IBRD projects that originated during the FY08–17 period were available for only 18 projects. Seven projects were satisfactory, 8 were moderately satisfactory, 2 were moderately unsatisfactory, and 1 was unsatisfactory.[4] IEG's Expanded Project Supervision Report ratings of IFC projects are available for 17 of the 122 IFC investments and loans. One project was highly successful, 2 were successful, and 6 were moderately successful. Three were mostly unsuccessful, 4 were unsuccessful, and 1 was highly unsuccessful.

Evaluation Scope and Methods

The core question, following traditional CPE methodology, is the relevance and effectiveness of the Bank Group program in Mexico (appendix B); the scope reflects areas in which the Bank Group aimed at making significant contributions, based on the four pillars. The evaluation additionally asks the following overarching questions:

i. To what extent did the Bank Group contribute to identifying Mexico's binding development constraints and to promoting sound policy choices?

ii. To what extent did the Bank Group contribute to Mexico's results in reducing poverty and promoting shared prosperity and inclusive growth?

iii. How effectively did the Bank Group use its lending, knowledge, and convening power services—seeking to balance strategy and flexibility and exploiting synergies among various intervention modalities –in shaping its role and development contribution in Mexico?

iv. To what extent was Bank Group support to Mexico's development innovations beneficial to the Bank Group's knowledge base and to other Bank Group member countries, including through global public goods?

The addition of these overarching questions along with analysis supplemental to traditional CPE methods to better address these questions, is notable.[5] First, given the large proportion of advisory work in the Mexico country program and the absence of an agreed-on Bank Group evaluative approach for ASA, IEG devised a tailored methodology for evaluating ASA that analyzes results and World Bank contributions to these results, additionally filtered for programmatic approaches and RASs (appendix G). Second, given the large number of World Bank research outputs with a Mexico focus, IEG traced the uptake, geographic outreach, and costs, to the extent possible, of Mexico-focused World Bank research (appendix H). Third, in view of the importance of regional inequalities in Mexico, IEG also undertook an analysis of the geospatial profile of World Bank interventions, to examine outreach to lagging regions (appendix I).

The evaluation has applied multiple methods: a systematic review of all relevant Bank Group portfolio documents; structured interviews with World Bank and IFC staff, IFC investee companies, government officials, think tanks, and development partners; and geospatial and statistical analysis.

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[1] From a rank of 103 in 2014 to a rank of 135 in 2018. Transparency International Corruptions Perception Index.

[2] Detailed in the approach paper to this evaluation.

[3] Further details on the portfolio are provided in appendix C.

[4] Ratings were not assigned or not applicable to three projects.

[5] The addition of such overarching questions is a methodological innovation on the part of the Independent Evaluation Group (IEG).

2 Raising Productivity

highlights

1. World Bank strategies for productivity enhancement were multipronged, rooted in in-depth diagnostics, moving from lending in the first period to advisory work in the second, with both programmatic approaches and reimbursable advisory services.

2. World Bank subnational Doing Business indicators have rolled out across all states. World Bank support was instrumental in developing a sound legal, institutional, and regulatory framework for special economic zones.

3. World Bank support for improving Mexico's innovation system yielded good early results and though long lags make attribution difficult, World Bank contributed significantly to Mexico's information technology sector.

4. The International Finance Corporation (IFC) support for the establishment of a range of businesses in newly opened-up or core sectors with high vertical linkages to enhance overall productivity was largely successful.

5 World Bank support for financial sector stability through deep diagnostics and tailored advice for oversight was highly valued, as was IFC support to key financial institutions. Its Global Catastrophe Risk Modeling and support for MultiCat bond platform has implications for risk management well beyond Mexico.

6 The World Bank's long partnership with rural savings and loans helped many poor in remote areas receive secure financial access, but Bansefi's future role and legal environment need review. IFC's support to microfinance institutions reached large numbers of clients, especially women.

7 World Bank support for new financial instruments such as capital market access, annuities, bond instruments, and guarantees was of high caliber but had limited political resonance.

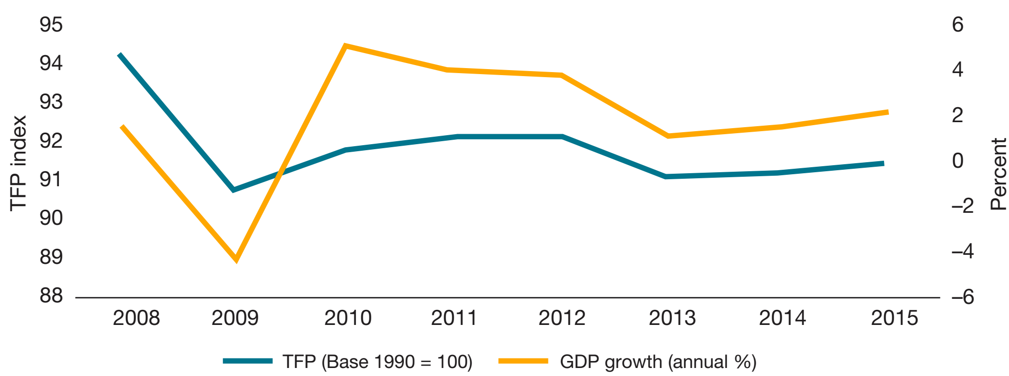
8 Despite sophisticated surveys[1] and impact evaluations,[2] the World Bank was not able to ensure client buy-in on the importance of consumer protection in financial services and financial education.

9 Housing finance was perhaps the weakest area of interventions, with the "perfect storm" of the financial crisis when global and local factors both led to the collapse of the Sofoles. World Bank technical assistance (through fee-based services) was nevertheless valued and helped the Sociedad Hipotecaria Federal (Federal Mortgage Company). Limited World Bank–IFC collaboration toward urban development also contributed.

DESPITE MACROECONOMIC AND FINANCIAL STABILITY and structural reforms, Mexico has faced stagnant productivity and slow growth over the past decade (figure 2.1).[3] Observers point to low competition, logistics and infrastructure bottlenecks, and a financial sector with sound private banking but low penetration. Others point to informality and uncompetitive small firms. Additional factors include high inequality, especially across space, and issues of voice, governance, and institutions.[4]

Mexico's government has had a long-standing focus on competitiveness.[5] The National Development Plan (NDP) for 2006–12 had a pillar on economic competitiveness and generation of jobs, which targeted public finance, financial sector, infrastructure, small and medium enterprises (SMEs) and competition policy. One of the pillars of the NDP for 2013–18, prosperous Mexico, aimed to increase prosperity and growth by improving productivity via structural reforms, identification of strategic sectors, and a regional special economic zone (SEZ) strategy for poor states.[6] Although the Mexican financial system was well capitalized during the crisis, it was also highly concentrated and somewhat overextended on consumer or mortgage credit. Small enterprises remained underserved. Subsequent legal reforms for competitiveness were accompanied by a financial reform in 2013 and a revised banking law.[7] New institutions such as Competition Commission, a telecommunications regulator (IFT), an Institute for Entrepreneurship, and a National Productivity Committee provided a forum for the government, businesses, labor unions, and academia.

FIGURE 2.1 | Gross Domestic Product Growth and Productivity Trends in Mexico, 2008–15



Source: Secretaría de Hacienda y Crédito Público and INEGI.

Note: GDP = gross domestic product; TFP = total factor productivity.

World Bank Group Objectives and Results for Raising Productivity

Reflecting many factors ascribed to low competitiveness, the World Bank strategy was multipronged. The FY08–13 CPS directly targeted improved competitiveness via interventions for better education and skills, infrastructure, information technology (IT), and simpler tariffs and customs. The FY14–19 CPS strengthened emphasis on business environment (combined with select infrastructure in the PLR of 2017), and skilled labor market participation. Enhanced innovation capabilities, discussed in the FY14–19 CPS, were not mentioned in the PLR. Strengthening the financial sector was a common motif in both CPSs, targeting access to financial services in the first CPS and broadening and deepening financial system without compromising stability in the second. IFC's strategy was not spelled out in the first CPS period, with references only to "exploiting synergies within the Bank Group," stressing funding for affordable housing (World Bank 2010b, 68). Collaborative advisory work for the investment climate, infrastructure, and access to finance was not mentioned. The 2013 CPS for IFC was more explicit, focusing on innovation via technology, value-added in underdeveloped sectors with competitive advantage, and support for companies with strong impact on SMEs. It also aimed to support telecommunications and energy, which were opening to private sector.

Bank Group objectives for strengthening competitiveness were relevant to Mexico's development context, the government's own programs, and World Bank strategies for the country. Significant analytical work consistently identified lack of competition and low productivity, especially in certain segments and regions, as key factors behind Mexico's lackluster growth rate.[8] World Bank interventions reflected the single borrower limit and new instruments—RASs and programmatic approaches—toward a strong knowledge program. Perhaps because of a strong presence of the Inter-American Development Bank (IDB), the Bank Group did not directly intervene in labor markets, identified in both CPS periods.[9] In the financial sector, Bank Group strategies were appropriate and reflected the government's priorities.

Productivity and Competitiveness

Bank Group support for strengthening competitiveness in the first CPS was delivered through World Bank lending and IFC Advisory Services, whereas in the second it consisted solely of knowledge or advisory services, mainly through two programmatic approaches to supporting the government's productivity democratization and information and communication technology (ICT) agendas.[10] The World Bank produced 32 research outputs and contracted six RASs, three at the subnational level.[11]

A Strengthened Business Environment

Doing Business and promoting competition. The World Bank and IFC together provided substantial support to improving Mexico's business regulations and competition policy, especially at the subnational level, including in poor regions. IFC's subnational Doing Business reports (initiated in 2005, repeated in 2007, and since rolled out to all 31 states) proved a catalyst for reforms, with 9 out of 12 pilot states initiating reforms.[12] *Doing Business in Mexico* is now a key reference point for policy makers, and its reports are prepared with federal and state budgets.[13] IFC's diagnostics were useful, and the pilot interventions were extended and adopted in the Mexico City and the state of Guerrero, and rollout in the state of Oaxaca is under way. Although attribution is difficult, a time-series analysis suggests a trend improvement in the Overall Doing Business indicator (figure 2.2). Beyond Doing Business, the constitutional reforms of 2013 gave new impulse to competition policy in Mexico and from 2014, the World Bank assisted Comisión Federal de Mejora Regulatoria (Federal Regulatory Commission; COFEMER) and state and municipal governments in identifying regulatory barriers to competition, under a RAS agreement. Many subnational governments adopted recommended reforms with the notable impact of nationwide replication by the Mexican government, by decree, in 2015–16.[14]

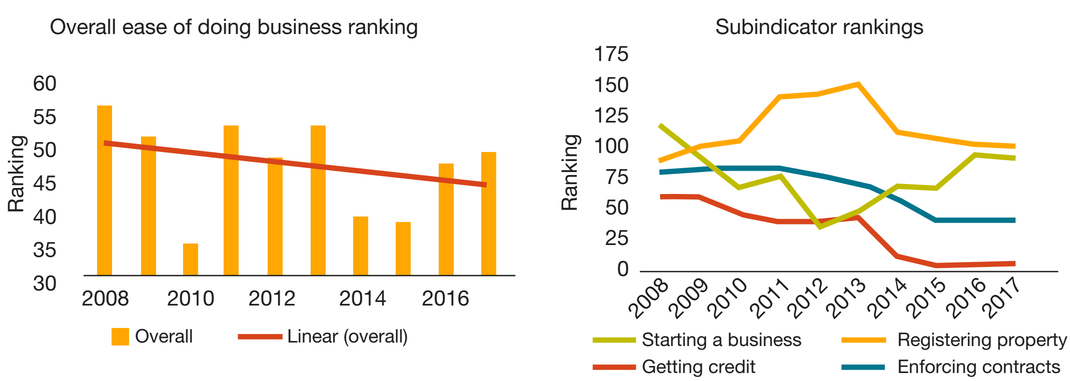
Special Economic Zones for Poor Regions

Starting in 2014, Mexico's Productivity Democratization strategy led to a new experiment for supporting lagging regions:targeting structural constraints to private investment in poor areas, and the SEZs.[15] On client request, the World Bank responded with workshops, policy notes, legal inputs, and a stakeholder analysis. Authorities point to World Bank inputs to the SEZ law of 2016, later replicated at the state level, as a major contribution. In 2017, the World Bank entered a RAS with Mexico for $4.2 million for follow-up steps with different agencies: with Autoridad Federal para el Desarrollo de las Zonas Económicas (the Federal Authority for the Development of SEZs; AFDZEE)[16] for competitive tendering, with COFEMER to establish "One Stop" windows, and with local governments, banks, and the Micro, Small, and Medium Enterprise (MSME) Fund.

Innovation and Technology, Telecommunications and Trade

Enhanced innovation capabilities. The multipronged FY05 Innovation for Competitiveness Adaptable Program Loan (APL), ongoing in the review period, showed evidence of early success: increased linkages among research institutions and enterprises, new business lines, more projects reaching commercial viability, and enhanced human capital formation through improved scholarship programs. World Bank support to the National Science and Technology Foundation and the newly created Institute for Entrepreneurship for MSMEs also helped foster innovation. World Bank impact evaluations and novel "dynamic" panel MSME surveys were valued, but establishing attribution is difficult. However, there was limited follow-up on the APL.More recently World Bank support

FIGURE 2.2 | Mexico's Doing Business Rankings, 2008–17



Source: World Bank Doing Business reports 2009–18.

Note: Rankings during this period were based on 181 to 190 countries.

achieved impact in policies such as in the case of the female entrepreneurship program, which was initially piloted and evaluated, and then was expanded following the preliminary results of positive impacts. Some other aspect of the support as the novel MSMEs survey (ENAPROCE) to assess productivity and its determinants at the state level are likely to have impact in the medium-term in terms of improving programs and policies. External data are ambiguous, but the World Economic Forum's Global Delivery Initiative data show the innovation ranking improving.[17, 18]

IT services and telecommunications. With the NDP for 2007–12, Mexico requested Bank Group assistance in strengthening its Program for the Development of the Software Industry (PROSOFT). After diagnostics and strategies, the World Bank approved an IT Industry Development Project in 2008 (PROSOFT 2.0), succeeded by PROSOFT 3.0 in 2014 ($80 million), which focused on skills development. Various evaluations, and IEG's assessment (summarized in appendix G), provide evidence of PROSOFT's contribution to its beneficiaries and to the Mexican IT industry.[19] World Bank technical assistance also supported the IT sector, for example, for startups. Like innovation, results measured by IT indexes suggest strong improvement between 2007 and 2014, but some decline thereafter, possibly linked to budget cuts.[20] The World Bank made major inroads in Mexico's telecommunications sector after the 2013 constitutional reforms.[21] Mexico advanced significantly in OPEN DATA, becoming a regional leader. The Global Open Data Index shows that Mexico's ranking improved from 47th of 60 countries in 2013 to the 15th of 94 countries in 2016.[22] Two RASs contributed to the national shared wholesale network ("Red Compartida") and the connectivity plan for Mexico City.[23]

Trade. At the outset, the Bank Group provided some technical assistance to the Mexican Customs Administration to strengthen trade logistics, followed (April 2009) by a Customs Institutional Strengthening loan of $10 million. However, because of budget constraints, the government canceled the loan. Importantly, the FY10 Economic Policy DPL supported a significant tariff reduction, followed by support for a single trade window in the FY11 Strengthening Business Environment for Economic Growth DPL. Technical assistance spanned evaluation of customs performance at different locations. In the recent CPS period, the World Bank selectively exited the trade agenda, although it continues monitoring it as part of macroeconomic monitoring and the current North American Free Trade Agreement renegotiation. IFC has successfully supported trade logistics in ports.[24]

IFC's Investments in Competitive Industries

Most IFC projects supported a competitive business environment through investments in sectors which were earlier closed, or with substantial value chain, SME, or employment linkages.[25] These included petrochemicals, oil and gas, and telecommunications and IT, which usually achieved highly satisfactory or satisfactory results. The largest single exposure IFC had was a $285 million loan (with a further parallel $350 million syndicated loan) for a greenfield petrochemical plant, Etileno, in Veracruz, one of the poorest states.[26] The project has had large employment impact and strong environmental and social safeguards.[27] Other successful IFC investments in basic sectors included support to a lime producer, Calidra, support to Citla Energy project (2016) and IFC support of reforms in telecom laws and investments in Altan Redes for Red Compartida, a first-of-its-kind wholesale wireless network that IFC is helping develop, and investments in trade logistics.[28] IFC investments in private equity funds were moderately successful. IFC also made contributions in raising clients' environmental and social standards in line with its environmental, social and corporate standards (ESG).[29]

Five years after the 2013–18 NDP, signs of increased competition appear in some areas: more private players in energy exploration, transportation, storage, and retailing; lower mobile tariffs; and higher broadband penetration—but the growth impact of reforms will take time to fully materialize. International measures of competitiveness and innovation show improvement, mostly in the 2008–13 period, but labor market efficiency and institutions are weak.[30] Overall outcome rating for the Bank Group support

TABLE 2.1 | Summary Results: Raising Productivity and Increasing Competitiveness

Results Associated with World Bank Group Goals	Bank Group Contribution to Results
The Business Environment	
• Reduced regulatory barriers and constraints at subnational levels through the deployment of the subnational Doing Business tool • Barriers to competition identified strengthened competition policy enforcement • Special Economic Zones established for targeted increases in productivity of select regions.	• Doing Business widely used notably at the subnational level, where it has been rolled out by the government to all states • Trend improvements overall and in some indexes • Support to COFEMER and to subnational levels for identification of barriers to competition • Important inputs to legal, regulatory & institutional framework, and implementation for SEZs Satisfactory
Innovation, ICT and Trade:	
Innovation • Innovation Framework • Support for national SME agency ICT • Information Technology • Telecom Trade policy and logistics • Significant reduction of customs tariffs • Trade logistics	• Good early results, no subsequent support • Good inputs, results cannot be measured in near term • Too early to assess results • World Bank project was critical for making PROSOFT a success • World Bank RAS technical contribution to the national shared wholesale network; Rating: Satisfactory • IFC IT investments; Rating: Moderately successful • World Bank support to Mexico City was very useful; inputs also provided to other subnational jurisdictions; Rating: Satisfactory • Not a priority area; Rating: Not rated • IFC investments in ports; Rating: Very successful
Competitive Core Industries (IFC)	
• Catalyzing investments in sectors newly opened to private investors, with substantial value chain, SME or employment linkages.	• Successful investments in petrochemicals / polyethylene, oil and gas, wholesale wireless network and port terminals; Rating: Satisfactory • Support to Private Equity funds; Rating: Moderately successful

Source: Independent Evaluation Group.

Note: COFEMER = Comisión Federal de Mejora Regulatoria (Federal Regulatory Commission); ICT = information and communication technology; IFC = International Finance Corporation; IT = information technology; PROSOFT = Program for the Development of the Software Industry; SME = small and medium enterprise.

to the competitiveness agenda is satisfactory, based on the subratings shown in table 2.1.

Financial Stability, Depth, and Inclusion

Building on a legacy before the crisis, during the FY08–13 CPE period, the World Bank had a series of lending and nonlending engagements in the financial sector. The World Bank prepared in-depth policy notes for the new government and supported its reform through programmatic knowledge engagement (FY14–19).[31]

Maintaining Financial Stability

The World Bank has long supported Mexico through diagnostics in a series of Financial Sector Assessment Programs (FSAPs), jointly with the International Monetary Fund (IMF).[32] The 2006 FSAP found that the banking system was sound and well capitalized, albeit with structural issues of concentration. Except for many nonbank housing Sofoles that had to be liquidated, the system weathered the crisis well. FSAPs led to downstream work on financial competitiveness (2008), risk modeling (notably through a global catastrophic risk bond in 2010), financial crisis preparedness and crisis simulation (2012), and developing markets for risk management. The 2011 FSAP reviewed oversight, the financial safety net, and long-term structural issues and informed reforms of 2013.[33] The 2016 FSAP focused on pensions, SMEs, and long-term finance, prompting work on a commercial real estate price index for the central bank (2016). The FSAPs were highly praised by the authorities. The government's efforts to strengthen financial sector prudential oversight yielded positive results.[34]

IFC made positive contributions to financial sector stability in Mexico in the financial crisis through countercyclical support in a liquidity and credit shortage. IFC supported several tier 2 banks with successful equity investments, rights issues, and a Global Trade Finance Program facility; it had more moderate success with its investment in a single tier 1 bank. IFC did not engage in the banking sector in the second CPS period.

Broadening and Deepening the Financial Sector

Despite decades of financial liberalization, formal financial penetration in Mexico is shallow. Mexico's credit to gross domestic product (GDP) ratio is like India's, at about 40 percent, despite a GDP per capita three times as high. Half the population still does not use formal financial services, which limits channeling of savings to productive uses.[35] The Bank Group provided multipronged support in this area.

Rural Finance and Savings and Credit Institutions

A key challenge to financial inclusion in Mexico has been that many of its rural poor have entrusted their savings to unregulated entities and have limited access to sound financial services. In 2001, Mexico passed a Community Savings and Loans Law to create a nodal apex bank, Bansefi, with an enhanced development role in relation to the savings and credit institutions, to help ensure their financial soundness and certification.[36] The World Bank had a series of three successful operations with high borrower buy-in and outcomes to support Bansefi and strengthen the savings and credit institutions network.[37]

Microfinance and Development Banks

The World Bank's Financial Sector Competitiveness ASA (FY08) included proposals on microfinance

Box 2.1 | World Bank Support to Ensure Financial Stability

The global catastrophe risk modeling technical assistance (2010), financed by the Global Facility for Disaster Reduction and Recovery, contained risk models for earthquake and hurricane risks in Mexico and supported the preparation and issuance of Mexico's catastrophic risk bond. It also helped launch the World Bank's MultiCat program, a catastrophe bond issuance platform for governments of developing countries to access affordable insurance through capital markets, in October 2009. Mexico was the first country to issue a $290 million series of notes using the MultiCat program, efficiently transferring a pool of earthquake and hurricane risk to the market for the first time.

The financial crisis preparation technical assistance (2012) enabled a crisis simulation exercise for the legal framework, government response, and interagency coordination, building capacity among government and private sector entities to conduct such tests on their own. The developing markets for risk management technical assistance (2013) produced international comparisons of the regulation and supervision of insurance, in terms of product mix diversity, market complexity, and technical capacity, illustrating options for a standard model for regulating solvency of the insurance market with enhanced risk management. Further technical assistance programs for supporting stability followed: for a Commercial Real Estate Price Index, Strengthening Banking Risk–Based Supervision, and Anti-Money Laundering Certification.

Source: Independent Evaluation Group.

and development banks for the underserved.[38] With the 2014 financial sector reforms, the government proposed an expanded role for development banks, "democratizing" credit. The World Bank responded with a Financial Services by Nonbanks programmatic approach, which analyzed how development finance institutions, together with regulatory changes, could support access to finance. Well received by the government, its review of second-tier finance at the Financiera Nacional de Desarrollo (successor to Financiera Rural) helped guide the design of the $400 million follow-up project.[39] The program deployed successfully. In the microfinance institutions, IFC had a positive impact.[40] Its investments of $83 million targeted women and the poorest regions.[41]

Housing Finance

The least successful were the Bank Group's efforts to expand housing finance for low-income households. Slated as an area for joint World Bank and IFC interventions, the World Bank provided successive rounds of fee-for-service advice to the Sociedad Hipotecaria Federal (Federal Mortgage

Company; SHF; Mexico's national mortgage bank), to help it go down market.[42] This complemented a Private Housing Finance Markets Strengthening Project (FY09–12, $1,096 million). Most disbursements were associated with technical assistance to the SHF. Although SHF played a strong role in preventing the collapse of the mortgage market during the crisis and developed technical capacity, the crisis delayed implementation. Although rated moderately satisfactory by IEG, the project failed to identify risks and mitigation measures, and there was no timely midterm review.[43] Just before the crisis, IFC invested in many nonbank housing finance companies, the Sofoles, which, generally collapsed when capital markets closed; there was also a large change in the application of policy rules toward locational subsidies, which adversely affected housing development in specific areas.[44] Some Sofoles transferred their portfolios to banks.[45]

Other Areas: Financial Instruments, Infrastructure, and Consumer Protection
Despite high-quality work, World Bank interventions in the areas of capital markets, consumer protection, and financial education have had a limited shelf life. The finance and competitiveness technical assistance of 2008 included a capital market diagnostic assessment and measures to increase market efficiency and access, but other issues took priority in the reform agenda. In consumer protection, financial education, and issues related to the financial behaviors of the population, a financial capabilities assessment technical assistance (2013) conducted a diagnostic on financial behaviors, attitudes, and knowledge, to develop financial education tools for the Comisión Nacional para la Defensa de los Usuarios de Servicios Financieros (the National Commission for the Protection and Defense of Financial Services Users) and for the Comisión Nacional Bancaria y de Valores (National Banking and Stocks Commission). Still, the role of the World Bank in financial education never took off as originally anticipated.[46]

Overall Assessment

The Bank Group achieved important results in this pillar, especially in business environment, competitive industries, and financial stability, and in trade policy in the early part of the evaluation period, though achievements were moderate in ICT, innovation, and financial depth and inclusion. Rural savings and loans continued to suffer legal and technical hurdles. The knowledge programmatic approach was responsive to clients but was sometimes fragmented and with limited subsequent buy-in, as affirmed by IEG's analysis of ASA (appendix G). Shortcomings in housing finance, especially IFC, also weigh down financial sector outcomes. Overall results for the pillar are therefore rated moderately satisfactory.

TABLE 2.2 | Summary Results: Raising Productivity through Financial Broadening and Deepening

Results Associated with World Bank Group Goals	World Bank Group Contribution to Results
Fostering financial stability	
• Soundly capitalized liquid commercial banks with ratios well more than the Basel III–compliant regulatory limits • Banking system resilient to adverse and severe macro-financial scenarios • Strengthened bank regulations (concentration limits, capital requirements) and risk-based supervision)	• The Bank Group provided fundamental diagnostics of areas for financial strengthening, advised regulators and supervisors, strengthened risk-based supervision, undertook financial crisis preparation, developed a commercial real estate price index, designed and modeled insurance catastrophic risk instruments. • IFC provided countercyclical support to Tier 2 banks in the crisis, taking equity positions in banks / providing credit, and more modest support to one Tier 1 bank. Rating: Satisfactory / Moderately satisfactory
Sustainably increasing financial depth and inclusion	
• Consolidated, trained and certified rural savings and credit cooperatives, which channel government paymentsIncreased numbers of rural poor with accounts at a regulated financial institution. – In 2012, 56% of adults had at least one financial product; 68% in 2015 • Commercial bank private sector credit grew, but remains below expected value based on income and level of development – In 2012, 27% of adults had at least one credit product; 29% in 2015 • SME credit experienced moderate growth • Mortgage lending has increased although for upper segments of housing market	• Bank Group supported safe access to financial institutions through Bansefi certification of SCIs and extended the numbers of persons with accounts at regulated SCIs, in remote and poor areas. Further progress may be difficult because of changes in legal framework for certification. • IFC support to microfinance institutions was significant and continues; support to SME finance providers was less successful. • The World Bank provided advice on financial instruments (debt, stock market access, annuities, pensions, guarantees) but shifting political priorities meant offtake was limited.Quality advice offered to CONDUSEF on consumer financial protection but limited offtake • The World Bank offered fee-based advice to Sociedad Hipotecaria Federal (SHF) which was well received but could not be implemented because of the crisis. SHF helped maintain stability in crisis. Rating: Moderately satisfactory • Many IFC investments in Sofoles (non-bank housing finance providers) failed. Rating: Highly unsatisfactory

Source: Independent Evaluation Group.

Note: CONDUCEF = Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros (National Commission for the Protection and Defense of Financial Services Users); IFC = International Finance Corporation; SCI = savings and credit institution; SHF = Sociedad Hipotecaria Federal (Federal Mortgage Company); SME = small and medium enterprise.

[1] Financial Capability in Mexico: Results from a National Survey on Financial Behaviors, Attitude and Knowledge, World Bank, November 2013.

[2] For example, see the analysis by Xavier Giné, Martinez, and Mazer (2014) on how information influences the way people make personal decisions in the financial area.

[3] Following years of productivity decline since the 1990s, and a productivity level 10 percent below its level of 20 years ago.

[4] Luis Guasch, in for example, Ollareaga, Lederman and Perry (2009), Perry et. al (2006), Gordon Hanson (2010) pointed to competitiveness and microfactors. Bourguignon (2008) emphasized inequality and Ize (September 2017) highlighted governance issues.

[5] Mexican policies to increase competition and productivity started in the early 1990s. In line with the opening up of the economy, Mexico pioneered competition and regulatory frameworks in Latin America. Important legislations were adopted (for example, Federal Economic Competition Law in 1993, Federal Telecommunications Law in 1995) and the Federal Competition Commission was created, as were sectoral regulators (for example, the Federal Telecommunications Commission) covering the whole spectrum of aspects and sectors. Since the early 2000s, Mexico has also begun to address the weaknesses of its innovation system and developed its first Entrepreneurial Development Program to boost the competitiveness of small and medium enterprises (SMEs). As part of these efforts, the SME Fund (Fondo pequeña y mediana empresa) was created in 2004 with a special emphasis on innovative SMEs.

[6] Areas of legal reform included labor, public finance, education, competition, transparency, financial sector, energy, and telecommunications, as well as reforms of the constitution, criminal procedures, and electoral policies. Targeted sectors included commerce, tourism, and food services where the goal is to improve productivity, and modern sectors such as auto parts, agroindustry, aerospace suppliers, and electric and electronics where the goal is to increase investment and job creation, as well as energy.

[7] In energy, telecommunications, taxation and fiscal policy, education, labor and competition policy

[8] The World Bank Group has been supporting competitiveness issues in Mexico since the early 2000s. It helped the government formulate its Competitiveness Agenda, completed a series of analytical and advisory activities, and provided financing, notably the FY06 Competitiveness Development Policy Loan (DPL), to advance the agenda. As with other areas of the economy, the World Bank prepared policy notes on competitiveness, focusing on business regulation, competition, innovation, and trade facilitation, for the incoming administrations in 2007 and 2013

[9] Led by the Inter-America Development Bank (IDB) economist Carmen Pagés Serra. Some were co-authored by World Bank Development Economics unit (DEC) staff. See for example, *The Economic Effects of Employment Protection: Evidence from International Industry-Level Data,* Alejandro Micco, Carmen Pagés (2006) Institut zur Zukunft der Arbeit / Institute for the Study of Labor Discussion Paper No. 2433; Do payroll tax cuts boost formal jobs in developing countries? Institut zur Zukunft der Arbeit / Institute for the Study of Labor World of Labor article; *Social Security Coverage and the Labor Market in Developing Countries* Paula Auerbach, Maria Eugenia Genoni, Carmen Pagés (2007) Institut zur Zukunft der Arbeit / Institute for the Study of Labor Discussion Paper No. 2979; Institut zur Zukunft der Arbeit / Institute for the Study of Labor Discussion Paper No. 3138; *Investment Climate and Employment Growth: The Impact of Access to Finance, Corruption and Regulations Across Firms* Reyes Aterido, Mary Hallward-Driemeier, Carmen Pagés (2007) Institut zur Zukunft der Arbeit / Institute for the Study of Labor Discussion Paper No. 3138. Note however that toward the end of the evaluation period, some work began on youth employment. (P163362, 2017, Mexico Youth Labor Market Inclusion).

[10] Two of the five interventions were parts of multisector DPLs, one continued from the previous period, and one was canceled. The one new (investment) loan in this area (2009) was for the information technology sector. The World Bank's rich earlier knowledge collaboration with the Office of the President, before the review period, however, underpinned the Competitiveness DPL.

[11] Including nine Subnational Doing Business reports, four working papers directly related to the deliverables, policy research working papers, journal articles, and contributions to a World Development Report that were studies of business regulations.

[12] In 2005, the Investment Climate Advisory Services of the International Finance Corporation worked with the Comisión Federal de Mejora Regulatoria (Federal Regulatory Comission; COFEMER), the federal regulatory commission, to pilot the subnational doing business methodology.

[13] There have been six *Doing Business in Mexico* reports so far. Starting with the third report, "dealing with construction permits" replaced "getting credit" as an area of measurement. Data collection has now been delegated to a local private firm, which some observers point out could be a potential conflict of interest. Among other things, IFC also provided support to the Federal District of Mexico, and the States of Guerrero and Mexico (2006 and 2012) to streamline certain processes.

[14] for example, municipalities in Oaxaca extended shop opening hours, the state of Mexico eased the setup of new establishments, and reforms in transport and energy, for example, in Tabasco, that increased competition). The World Bank Group continues to provide technical support to COFEMER, via Implementation Manual for such analyses and by supporting implementation capacity within COFEMER (2017).

[15] The four centers include Puerto Chiapas in Chiapas, Lázaro Cárdenas bordering Guerrero and Michoacán, Coatzacoalcos in Veracruz, and Salina Cruz in Oaxaca.

[16] Autoridad Federal para el Desarrollo de las Zonas Económicas Especiales / Federal Authority for the Development of Special Economic Zones

[17] Mexico's ranking improved from 90th (out of 134 economies, 2008-09) to 56th (out of 144 economies, 2012–13).

[18] Mexico's performance in the Global Competitiveness Report improved in nearly all components of innovation, including government procurement of advanced technology products, university-industry research collaboration, quality of scientific research institutions, availability of scientists and engineers and company spending on research and development.

[19] Evaluación de Impacto del Programa para el Desarrollo de la Industria del Software (Program for the Development of the Software Industry; PROSOFT), 2012, Instituto Tecnológico Autónomo de México, Cámara Nacional de la Industria Electrónica, de Telecomunicaciones y Tecnologías de la Información, Centro de Estudios de Competitividades. As reported by the West Chapter of Cámara Nacional de la Industria Electrónica, de Telecomunicaciones y Tecnologías de la Información, many companies professionalized and expanded with the training provided through PROSOFT. Of the 34 companies working in the Centro de Software, for example, many started with one to three employees, but now have workforces of 30–70 people.

[20] Mexico's achievement is reflected in its rankings by global indicators. A. T. Kearney's Global Location Services Index advanced Mexico's ranking from an already good 10th place among 50 countries in 2007 to an impressive 4th place among 51 countries in 2014. https://www.atkearney.com/digital-transformation/gsli Most of the advances came from the component of people skills and availability, which was the focus of the PROSOFT program. The World Economic Forum's Networked Readiness Index confirmed this positive trend, where Mexico's ranking improved from the 67th out of 134 economies in 2008 to the 63rd out of 144 economies in 2013. Since then, however, both indexes show a decline in Mexico's global standing.

[21] The fiscal year (FY)11 Strengthening Business Environment for Economic Growth DPL had two prior actions aimed at enhancing competition in the telecommunications market through more concessions of state-owned fiber-optic network and for the use of radio spectrum. These actions led to an increase in mobile and Internet use, but in a rapidly changing world, Mexico continued to lag. The International Telecommunication Union ranked Mexico 83rd out of 157 in 2012 by its information and communication technology (ICT) development index, down from the 77th position in 2008. The National Shared Wholesale Network (Red Compartida) came with a government National Digital Strategy to improve ICT-based government services and open data. To support this ambitious agenda, the World Bank approved an ICT Programmatic Advisory Services and Analytics (ASA) in 2014, for using ICT technology to improve government service delivery.

[22] The programmatic approach also proved a good vehicle of support to state levels (Jalisco) and municipal levels (Zapopan) for the adoption of Open Data. The City of Mexico also contracted a RAS, highly spoken of, that supported the telecom regulator. The World Bank helped with a baseline sector diagnostic, concession contract and risk analysis to help the government understand the trade-offs in different broadband services.

[23] MX–RAS to Provide Technical Inputs to the National Shared Wholesale Network (P151210). This RAS was implemented under the Mexico ICT PA, and included a highly technical and innovative work to support the Government of Mexico in the design of "Red Compartida". Also, the World Bank supported Mexico at the subnational level in the telecommunications sector through the RAS to support the design of a Connectivity Plan for Mexico City (P157212).

[24] These included financing for new container terminals in the States of Veracruz, Colima, and a specialized, partially automated, container handling terminal in the state of Michoacán.

[25] Other investments, notably for infrastructure and the environment, and the health sector, are discussed in their respective chapters. In some cases, there is overlap. In the housing sector for example, housing finance is discussed in the present chapter, though the creation of affordable and environmentally friendly housing is discussed in chapter 6. Agriculture including agroindustry is discussed together with the environment, in chapter 6.

[26] Mexico's first major private sector petrochemicals project in decades. Total investment, including other independent investors, amounted to $4.5 billion. IFC's financing helped address the need for investment in Mexico's polyethylene and petrochemical industries which are basic building blocks in modern manufacturing.

[27] It brought 28,000 jobs in this frontier area, over 2012-16, with recognized best practice employment and safety standards. IFC support for all aspects of environmental and social compliance was particularly recognized.

[28] During 2008–16, IFC took the lead in a syndicated $40 million B-Loan, helping stabilize prices, raise employment of the rural and unskilled, and significantly reducing Calidra's environmental footprint. IFC also supported investment in Mexico's oil and gas sector through its Citla Energy project (2016) in accordance with the government's ambitious aim to open up private investment after eight decades. IFC similarly supported the reforms in telecom laws with its investments in Red Compartida, a groundbreaking wholesale wireless network that IFC helped develop in 2015, extending such services to remote areas across the country as well as boosting economic activities in several sectors. IFC also helped to support trade logistics through investments in container terminals, boosting competition to the port sector

[29] Examples are Project 30445 – UAG Univ. Project 26323 – Centro Medico II. Project 25352 – Alta Growth Fund. Project 25782 – Banco Amigo.

[30] As measured by the World Economic Forum's Global Competitiveness Index, Mexico's overall competitiveness improved between 2008-09 and 2016-17, although the improvement occurred almost entirely in the first half of the period. Mexico made significant advances in innovation (mostly during 2008-13), in some areas of regulation, business sophistication and infrastructure.

[31] The ambitious financial reform package of 2013 envisioned the reform of 34 laws and numerous secondary regulations in the areas of capital markets, public banks, financial infrastructure, and financial oversight. The World Bank's programmatic approach was well-matched with this spectrum, organizing all heterogeneous advisory services over a 3-year period under a single task code, with annual reviews and revisions of priorities. The initial Mexico programmatic knowledge engagement (programmatic approach) for the financial sector FY14–16 included stability through better oversight (risk-based supervision, crisis simulation and pension reforms); financial deepening (new financial products, mobile banking, financial education, strengthened cooperatives and better consumer protection) and improved inclusion; via credit facilitation for SMEs and better microfinance regulation.

[32] As part of a continuing series that began with a core FSAP in 2001. The FSAPs underpinned an arguably prescient Finance and Growth DPL to Mexico in 2006, intended specifically to reduce the probability of a systemic financial crisis and help diversify the financial system, to build a "spare tire" of capital markets including corporate bonds. Rated satisfactory by IEG, the loan closed just before the present review period.

[33] Reforms on concentration limits, tightened provisioning, stricter prudential regulations and capital requirements, supervisory powers, and regulation of cooperatives and consumer protection.

[34] The 2016 FSAP Update found that the financial system as a whole was broadly resilient. The solvency and liquidity stress tests of the banking system showed that it could withstand severe adverse macro-financial shocks despite large capital losses. The insurance sector could endure a combination of interest rate, exchange rate, and equities market shocks. Pension funds were exposed to market risk, but liquidity risk levels had come down. Sensitivity analysis indicated that large listed corporations could broadly cope with adverse exchange rate, earnings and interest rate shocks.

[35] Herman, A., and Alexander Klemm, "Financial Deepening in Mexico," IMF Working Papers, No. 17/19, January 2017. See also, Sanchez Tello, J. and G. Zamarripa, "Como se da la inclusión financiera?" Fundación de Estudios Financieros-Fundef, Documento de Coyuntura 2017-01. According to the World Bank Financial Inclusion Database, 51 percent of adults borrowed in 2014, but only 10 percent used a formal financial institution. Most new bank clients use their accounts only for conditional cash transfers and some accounts are inactive. Only 20 percent of new clients use other services: credit, savings, and/or insurance. And according to Mexico's own Financial Inclusion Survey (Comisión Nacional Bancaria y de Valores), less than 10 percent of small and medium enterprises had credit. Yet, Mexico is keen to support financial inclusion, and according to The Global Microscope (2016) ranked 10th among 55 countries in terms of an environment conducive to inclusion.

[36] *Banco del Ahorro Nacional y Servicios Financieros,* the National Bank for Savings and Financial Services.

[37] The first Bansefi project (P070108), approved in June 2002, initially for $65 million (Savings and Credit Sector Strengthening and Rural Microfinance Building), remained active till FY11. Its highly relevant objectives were substantially achieved and many targets were exceeded according to IEG, in terms of stabilizing savings and credit institutions, and adding new clients. Bansefi II project (P087152, FY04-14, $75 million, with additional financing for $29 million and $50 million) had a narrower focus, strengthening and consolidating the sector to bring it under regulation, and developing a technical platform, and was rated satisfactory by IEG. The 2011 Bansefi III aimed to provide additional support for savings and credit institutions consolidation and foster the outreach of regulated saving and credit entities into unbanked rural areas, especially those with populations of less than 100,000 inhabitants. A self-rated Implementation Completion and Results Report (ICR; January 2018) indicates that finally the most assets (91 percent) and clients (87 percent) are in regulated entities.

[38] Propuesta de Politica Para el Desarrollo del Mercado de Micro-Finanzas en Mexico (M. Goldberg and consultants), Micro-Insurance in Mexico (M. Goldberg and consultants).

[39] Unfortunately, this study was not disseminated widely and Financiera Nacional de Desarrollo officials told IEG that they had not received a final copy although they were aware of some of the findings.

[40] Including Compartamos (2011), Te Creemos (2014). IFC is currently supporting CAMESA, which serves 370,000 micro-entrepreneurs, and Progresemos, a microfinance institution with 33,142 clients. The latest investment was committed in 2017 to Contigo, with over 180,000 clients.

[41] In 2008, IFC also supported a successful Advisory Service project with a microfinance institution, now being renewed as a fee for service but outcomes regarding IFC's seven investments in financial institutions focused on SMEs were more variable.

[42] Many outputs are untraceable due to the confidential nature of the fee-for-service agreement.

[43] Reference to the 2007 Financial System Stability Assessment may have resulted in a better appreciation of the possible impact of the financial crisis on Mexico and identification of the needed additional sector reforms. After a long hiatus in engagement in the housing area, the World Bank approved an Improving Access to Affordable Housing project in June 2017 ($100 million), to support the construction or purchase of low cost housing. Effective in December 2017, it has just begun to disburse.

[44] IFC's involvement in the housing sector here is reviewed mostly through IFC's financial institutions group. Other Manufacturing and Agriculture Services projects related to the construction and development of low-income-home-

buyer housing units are discussed together with infrastructure / green growth in chapter 6. Although conceptually distinct, both influenced each other during the "perfect storm" of the financial crisis

[45] Some Sofoles transferred their portfolios to banks. Others were dissolved leading to losses in several IFC investments. A majority of IFC's client companies experienced difficulties. Three IFC clients in the finance sector and three in the housing development business were liquidated or are in the process of liquidation, due to internal issues and following a major government policy change that moved away from a large scale, affordable housing model toward a sustainable community model, in accordance with World Bank advice.

[46] *Financial Capability in Mexico: Results from a National Survey on Financial Behaviors, Attitude and Knowledge,* The World Bank, November 2013. In addition, Giné, Martinez, Mazer (2014) conducted an evaluation based on focus groups on how information influences the way people make personal decisions in the financial area.

3

Increasing Social Prosperity

highlights

1 The World Bank's goals for the Human Development sectors were relevant and rooted in the diagnostics and the country's National Development Plans 2006–12 and 2013–18.

2 The World Bank's Human Development program for the first CPS period quickly responded to the 2008–09 global crisis with a financial package of about $4 billion in loans, directly contributing to the government's program for the unemployed, the Oportunidades program targeting chronic poverty, and to the scaling-up of health coverage for the poor under Seguro Popular.

3 The Human Development program in Mexico has progressively shifted toward intensive delivery of knowledge services and played a major role convening knowledge exchange and promoting South-South learning on large conditional cash transfers across countries from every region in the world.

4 Health financing has been a major focus of the World Bank's support in Mexico, contributing to the remarkable progress in increasing health insurance coverage to the poor, informal workers, and indigenous people.

5 Without new lending in health, the World Bank maintained the policy dialogue via extensive on-demand nonlending technical assistance in noncommunicable diseases, obesity, and diabetes. It also consistently advised on the integration of the health system to raise efficiency; but progress on the Functional Integration of the Health System and the Separation of financing and provision is still pending.

6 In social protection, World Bank support to the conditional cash transfer Oportunidades/Prospera contributed to gender-targeted poverty reduction and shared prosperity via human capital accumulation among the poor.

7 The Education sector lending and high-quality knowledge and technical support are praised by the government but could have had a stronger gender focus.

THE WORLD BANK'S GOALS for the Human Development sectors aimed at helping the government to improve competitiveness in service provision and increase social prosperity through lending, knowledge, and convening services. The Human Development program was well aligned with country priorities set out in NDP 2006–12 and 2013–18. Broadly defined in the first CPS (2008–13), the program took concrete shape with the global crisis, which prompted swift World Bank response. The second CPS (FY14–19), focused on skills and labor market participation, integrated social programs, and private sector participation in service delivery.[1]

Mexico has achieved considerable social progress in the last 20 years and expanded the coverage of key social services such as education and health, yet there are substantial regional inequalities. In 2016, almost 50 percent of the country's poor were concentrated in six states: Chiapas, Oaxaca, Guerrero, Puebla, Veracruz, and Estado de México.[2] Social deprivation among indigenous people appears to have lessened somewhat over time, although it remains the highest of any population group. Social protection is fragmented based on employment in the formal sector, with most of the population not covered by social security schemes, which promotes inefficiencies and unequal access. In recent decades, Mexico has made considerable progress extending the coverage of social assistance programs targeted to the poor, most notably Prospera, its flagship conditional cash transfer program, to prevent the intergenerational transmission of poverty (formerly Oportunidades, originally Progresa), and Seguro Popular (insurance) to strengthen social protection in health, which together play a key social safety net role.

Mexico has a history of low labor force productivity, which has persisted despite large gains in school enrollment, partly because of the limited labor market relevance of skills and the low educational attainment of the population. Key internal and external efficiency indicators reflect major inefficiencies throughout the education system that result in low upper secondary education completion rates. Quality of education remains a key issue; Mexico still lags countries in the region and the Organisation for Economic Co-operation and Development (OECD), and there are large differences in learning outcomes across the country.

The World Bank's goals for the Human Development sectors aimed at supporting the government's efforts to improve competitiveness in service provision and increase social prosperity through lending, knowledge, and convening services. The Human Development program was well aligned with country priorities set out in NDP 2006–12 and 2013–18. Broadly defined in the first CPS (2008–13), the program took concrete shape with the global crisis, which prompted swift World Bank response. The second CPS (FY14–19), focused on skills and labor market participation, integrated social programs, and private sector participation in service delivery.[3]

World Bank Group Objectives and Results for Increasing Social Prosperity

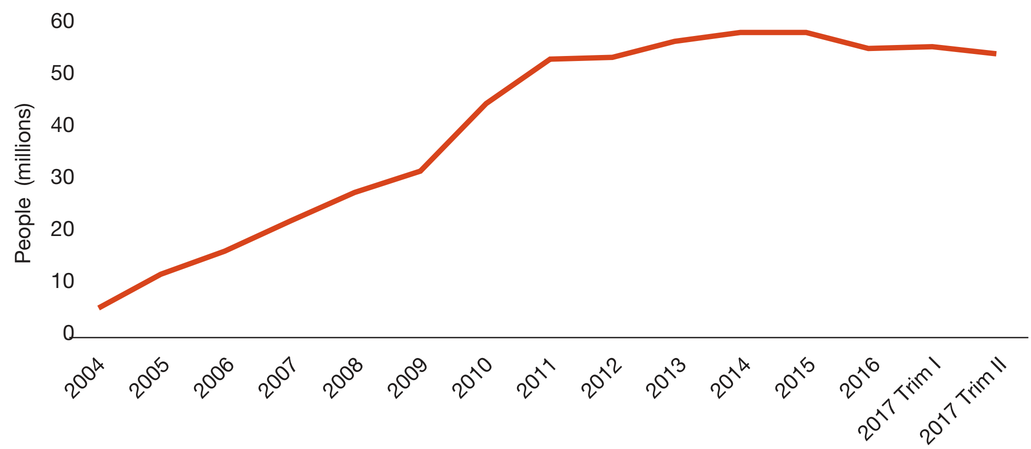
Health

Overall, the engagement of the World Bank in the health sector in Mexico has been important, responding to changes in the government's priorities and policies. The health program comprised three loans and eight nonlending technical assistance (NLTAs) mainly through multiyear/multisector programmatic approach. Its goals were to support increased access to and improved quality of health services, health financing, and health system integration; response to pandemics; and prevention and control of noncommunicable diseases. The lending program was adaptive and flexible in terms of the government's priorities on increasing health care access, health insurance, and response to crisis and pandemics. The World Bank canceled a loan for the government response to the influenza epidemic in April 2009 because of difficulties originating in World Bank procurement procedures, although a technical assistance loan was retained to strengthen the capacity of the health system to monitor the spread of the viruses. Support to the Social Protection System in Health loan helped the government finance federal contributions to the premiums of Seguro Popular.[4] During the second CPS, despite no new loans, the World Bank maintained policy dialogue via extensive NLTA, at the request of the Health Secretariat and the Instituto Mexicano del Seguro Social (Mexican Social Security Institute), on risks from noncommunicable diseases, obesity, and diabetes.[5] The World Bank advised health system integration and warned against the fragmentation of risk pools, though with limited progress in the later period.[6]

Results

There were four main Bank Group objectives in the health sector: (i) the expansion of enrollment in the Seguro Popular, (ii) the strengthening of its financing and affiliation mechanisms, (iii) the enhanced capacity of the health system to control epidemics, and (iv) the improved access to and integration of the social protection system (see also the Social Protection section). On Seguro Popular, the World Bank contributed to the remarkable progress Mexico has made in increasing health insurance coverage to the poor and informal workers, and most specially, to indigenous people. Enrollment expanded greatly, particularly during the World Bank's project period, from 31.1 million in 2009 to 57.3 million in 2014 (figure 3.1).[7] Although user satisfaction is high, increased demand resulted in longer waiting times especially in primary care. Still, key health indicators have improved (table 3.1).[8] The ambitious program to strengthen health financing has been sustained by three administrations. Many evaluations and knowledge products contributed with evidence of its success and of the adjustments needed.[9] The World Bank's Social Protection System in Health Project showed flexibility and response during crisis.[10] The World Bank contributed only modestly to the strengthening of the capacity of health system to control epidemics. Although the Influenza Prevention and Control Project was canceled, the government implemented many recommended actions (World Bank 2013a). The World Bank supported the performance of the Sistema Nacional de Vigilância Epidemiológica (Mexican Epidemiological Surveillance System) via technical assistance under the Health Programmatic (Programmatic Knowledge Service 2008–12).[11] IFC's equity stake in Sala Uno, a surgical eye care provider, through a small investment of $2.2 million, has been a positive investment in the health sector.[12] Its three loans to hospitals were, however, not successful.[13]

FIGURE 3.1 | Evolution of Seguro Popular Coverage



Source: Independent Evaluation Group, based on Comisión Nacional de Protección Social en Salud data.

Based on extensive conditional cash transfer (CCT) knowledge and sharing between the World Bank and Mexico, the World Bank responded well during the global financial crisis. It quickly prepared and approved a $1,503 million loan to support Oportunidades in 2008, and an additional financing for $1,250 million in 2010 as part a broad countercyclical package. This largest IBRD crisis response safety net loan at the time financed the cash transfers and technical assistance to increase the autonomy of Oportunidades families, improving the design of coresponsibilities at the community level, and redesigning the targeting instrument consistent with the multidimensional poverty concept. The World Bank coordinated a technical group of experts from the program, the Secretaría de Desarrollo Social (Ministry of Social Development; SEDESOL), Consejo Nacional de Evaluación de la Politica de Desarrollo Social (National Council for the Evaluation of Social Development; CONEVAL), and the IDB. The World Bank's social protection program in Mexico has been responsive to client priorities and to the World Bank sector strategy.[14] The current social protection system loan reflects the World Bank's evolving support from improvements in Oportunidades/Prospera toward a social protection "system."[15] Support for social protection has also exploited synergies across projects, instruments, and sectors to improve the quality of health and education services for Oportunidades/Prospera beneficiaries; and major convening South-South exchanges via seminars, workshops, conferences, and visits from countries interested in Mexico's cash transfer program model.[16] More than 70 countries all over the world were implementing cash transfer programs by 2014.[17]

Results

The World Bank's response to the 2008–09 global financial crisis with increased lending in the Human Development sectors was relevant and appropriate. The World Bank helped the government sustain two existing large and effective social protection programs with substantial financing (over $4 billion in IBRD loans) through quick disbursement investment operations. The Social Protection System in Health Project ($1,250.0 million in FY10) helped the Government of Mexico maintain

TABLE 3.1 | Results in Health

Results Associated with World Bank Group Goals	World Bank Group Contribution to Results
Expanded health insurance	
• Seguro Popular enrollment expansion (coverage, use, and financial protection for the poor outweighing small crowding-out effects in Instituto Mexicano del Seguro Social affiliation) • Increase access to health insurance by indigenous people • Strengthen affiliation mechanisms and reduce affiliation duplication • Improve financing inequalities across states and health subsystems • Increase private sector participation in the Health Sector (IFC)	• Flexibility and fast financial support gave government fiscal space during the economic crisis • Technical contributions from a series of previous World Bank projects were used in the Seguro Popular health care package of services; technical assistance and knowledge work on refinements of monitoring and audit system of the Seguro Popular, operational aspects, the effects of subsidized health insurance on informality and IMSS affiliation, and remaining challenges facing the health system • Studies and technical assistance on the challenges facing states in delivering primary health care services for Seguro Popular beneficiaries • Technical assistance to help in the strengthening of health promotion and prevention in primary health care • While only a small investment of $2.2 million, IFC's equity stake in Sala Uno (#33770) has been a positive investment in the health sector Rating: Satisfactory • IFC committed three unsuccessful loans for $40 million for hospitals Rating: Moderately unsatisfactory
Strengthened epidemic control	
• Strengthened capacity to respond, monitor, and survey epidemics • Increased medical supplies, and increased population vaccinated against Influenza A/H1N1	• Technical assistance assessed the performance of the National Epidemiological Surveillance System, and helped develop local comprehensive risk communication strategies in nine states Rating: Moderately satisfactory (Loan for this purpose was canceled)

Source: Independent Evaluation Group.

Note: IFC = International Finance Corporation; IMSS = Instituto Mexicano del Seguro Social (Mexican Social Security Institute).

and expand its noncontributory health insurance scheme (Seguro Popular) for the poor and unemployed. Affiliation to Seguro Popular increased dramatically (figure 3.1). The Oportunidades Project ($2,753.8 million including additional financing in FY09 and FY11, respectively) helped sustain the CCT program and mitigate the impact of the crisis on children's health, nutrition, and education. From 5.21 million in 2009, the number of participating households rose to 5.85 million in 2012 (table 3.2).[18] Mexico, however, is one of the few countries without a major automatic stabilizer such as unemployment insurance, leaving households vulnerable to labor demand shocks.[19]

TABLE 3.2 | Prospera Coverage and Budget, 2009–15

Prospera	2009	2010	2011	2012	2013	2014	2015
Budget ($, billions)							
Total	2.56	3.21	3.31	3.73	6.61	3.85	4.06
Conditional support Budget[a]	2.39	2.99	3.09	3.54	3.43	3.66	3.87
Coverage no., millions							
Families	5.21	5.82	5.83	5.85	5.92	6.13	6.17
Individuals	23.57	26.01	25.70	25.63	25.72	26.35	26.01

Source: World Bank, Mexico Additional Financing for Social Protection System Project (P164152). Based on Consejo Nacional de Evaluación de la Politica de Desarrollo Social data.

Note: a. Excludes operational expenditures.

The expansion of coverage and good targeting of social assistance programs, especially Oportunidades and Seguro Popular, are positively associated with improvements in social deprivation indicators of poverty.[20] Estimates of poverty rates and poverty gap for 2012 (according to Encuesta Nacional de Ingresos y Gastos de los Hogares [the National Household Income and Expenditure Survey]) show that without Oportunidades/Prospera would have been 1.8 and 1.9 percentage points higher. The program's impact on inequality was also significant: without it, the Gini coefficient would have increased from 50.5 to 51.8.[21] A solid body of rigorous evaluative evidence shows significant, positive impact of the program on household consumption, school enrollment and attendance, access and use of health care and nutrition services, child nutrition, and poverty reduction.[22] The program has influenced other countries to establish CCTs.[23] However, linking Prospera beneficiaries to productive programs to increase their incomes is difficult.[24]

Education

The education sector in Mexico is at the basis of the productivity and the poverty agendas. The World Bank engaged through a multiyear program of lending, knowledge, and convening services to help enhance the skills and increase education quality. The program covered all education levels with schools at its center. The strong lending focus, with 11 loans totaling $2,971 million, was supported by knowledge work embedded in lending. The clients, Secretaría de Educación Pública (the Ministry of Education), praise the World Bank's knowledge and technical support and consider it more valuable than financing. The World Bank supported the government's Programa Escuelas de Calidad (Quality Schools Program; PEC) through community schools, compensatory programs, and school-based management (SBM) strategies to expand access and quality of initial and basic education in marginalized areas: the World Bank has been supporting the Consejo Nacional de Fomento Educativo (National Council for Educational Promotion; CONAFE) since 1993.[25] The World Bank's financial assistance helped the government expand the early childhood development program to the neediest communities.[26] The Compensatory Education

TABLE 3.3 | Results in Social Protection

Results Associated with World Bank Group Goals	World Bank Group Contribution to Results
Strengthened CCTs	
• Respond to the crisis by expanding (i) a temporary employment program to provide jobs to the unemployed in 2010; (ii) CCT program, Oportunidadesand increasing the value of transfers; (iii) Seguro Popular coverage • Strengthening Oportunidades/ Prospera capacities to address chronic poverty • Serve as model for other countries to adopt CCTs • Increase the quality of health and education services received by beneficiary households and promoting stronger linkages with other programs	• World Bank support to strengthen performance of CCT has helped (i) revise targeting instrument to account for updated poverty lines and multidimensional poverty; (ii) redefine recertification and exit criteria; (iii) enhance health package to include Noncommunicable Disease screening; (iv) modify nutrition support to avoid contributing to obesity; (v) strengthen indigenous people work • World Bank helped Oportunidades with the following key achievements: • (i) program reaches 6.2 million households or 20 percent of the population in 2015; (ii) good targeting and expansion associated with improved social deprivation indicators in 2008–16 period: lack of access to health services declined from 38.4 percent to 15.5 percent; educational gap dropped from 21.9 percent of the population to 17.4 percent; (iii) rigorous external impact evaluation results show significant and positive impact of program on consumption, school enrollment and attendance, access and use of health care services, and child nutrition; (iv) greatest improvements in health and education are among indigenous people; and (v) higher social mobility for migrants who leave economically depressed localities of origin • By 2014, over 70 countries had developed CCT programs modeled on Mexico's • The government signed 29 coordination agreements for programs to give preferential access to Prospera beneficiaries: in 2015–16, 1.1 million Prospera beneficiaries had access to complementary social programs and 236,000 to productive inclusion programs Rating: Satisfactory
Integrated social protection for the poor	
• Progress on the functional integration of the health system and the separation of financing and provision is still pending • To address fragmentation and lack of integration of social programs, the government's strategy prioritized strengthening policy planning tools, including development and implementation of (i) an integrated social information system and unique registry of beneficiaries; and (ii) an RSDS to define SEDESOL's role in the planning, coordination, and oversight of local social programs	• Advice and policy dialogue to promote an integrated social protection system in health • The World Bank's ongoing Social Protection System Project and additional financing are supporting: (i) further fine-tuning of CCT and evaluation of the long-term impacts of Prospera; (ii) development and implementation of an integrated information system with key functions in registration (unique registry of beneficiaries); targeting; monitoring and evaluation; and (iii) development and implementation of SEDESOL's RSDS. Rating: Not rated

Source: Independent Evaluation Group.

Note: CCT = conditional cash transfer; RSDS = regional social development strategy; SEDESOL = Secretariat of Social Development.

project (P101369) extended SBM programs to CONAFE's community schools and supported the new approach of mobile pedagogical tutors (Asesor Pedagógico Itinerante). And the Reducing Inequality of Educational Opportunity project (P149858) supported redesign and scale-up of interventions in initial and basic education.[27] The World Bank supported the government's 2008 Education Reform via three programmatic DPLs to improve the efficiency of upper secondary education and its responsiveness to the labor market. The last of the series, in 2014, shifted from labor market outcomes toward broader quality improvements consistent with the current CPS FY14–19 and the government's reform. The DPL series supported reforms including a common national curriculum to increase flexibility and transfer of students between subsystems and tracks in upper secondary education.[28] They were appropriate instruments in context. Knowledge analytic and advisory activities (AAA) informed the loans and reforms as affirmed by IEG (appendix G).[29] World Bank lending in tertiary education has been spaced in time.[30] Only in 2017 was a second higher education loan approved.[31]

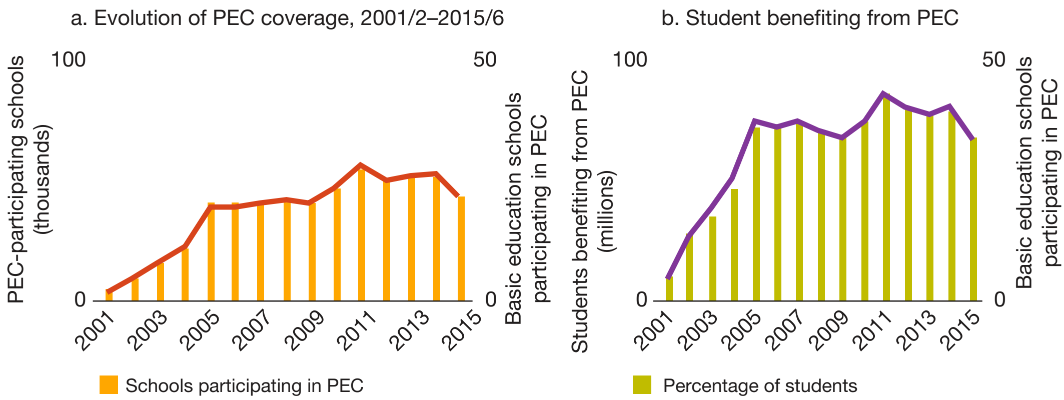
Results

The World Bank achieved its program objectives of strengthening and expanding the government's PEC in early and basic education and improving coverage and quality in poor municipalities. The number of schools in the PEC has grown since the inception. Until 2015, 114,021 schools participated—about half of basic education schools (figure 3.2). The PEC has benefited over 8 million students, or up to a third of the basic education enrollment. The share of PEC schools in marginalized areas rose from 38.4 percent in 2008–09 to a peak of 64 percent in 2015–16. The PEC program was successful, and the World Bank contributed to the success.[32] Efficiency improved, and pass rates in PEC secondary schools (grade 7–9) increased from 89 percent to 92 percent during the second project, 2009–14, and dropout rates fell from 0.041 to 0.038 in PEC primary schools, and from 0.054 to 0.052 in secondary schools.[33] In terms of World Bank contribution, since 2006, the World Bank financed $810 million or about 53 percent of total project costs, and its staff has provided technical assistance to improve the program and show evidence on effectiveness. World Bank helped strengthen the Apoyo a la Gestión Escolar (Support for School Management program), and early childhood development programs achieved solid results.[34] Yet student assessments show systematically lower learning among rural or indigenous children attending CONAFE schools.[35]

Efforts toward improved upper secondary education have been very relevant for Mexico's challenging education outcomes. A common, competency-based curriculum was put in place, and adopted by 71 percent of these schools. A law to professionalize teacher careers was passed, but lack of funding limited enrollment of teachers. However, accreditation and certification of schools was slower than expected, with only 37 percent gaining accreditation. Efficiency improved.[36] Learning outcomes have not improved substantially.[37] IFC also committed three projects in the education sector to improve tertiary education in support of the Education Reform of 2012, with broadly successful results.

The World Bank contributed to the expansion of access to tertiary education. The number of students benefiting from PRONABES scholarships more than doubled during the period of the World Bank's support, to over 315,000 in 2011. The World Bank's investments in management information systems contributed to better allocation of scholarships for vulnerable groups.[38] The overall rating for this pillar is satisfactory.

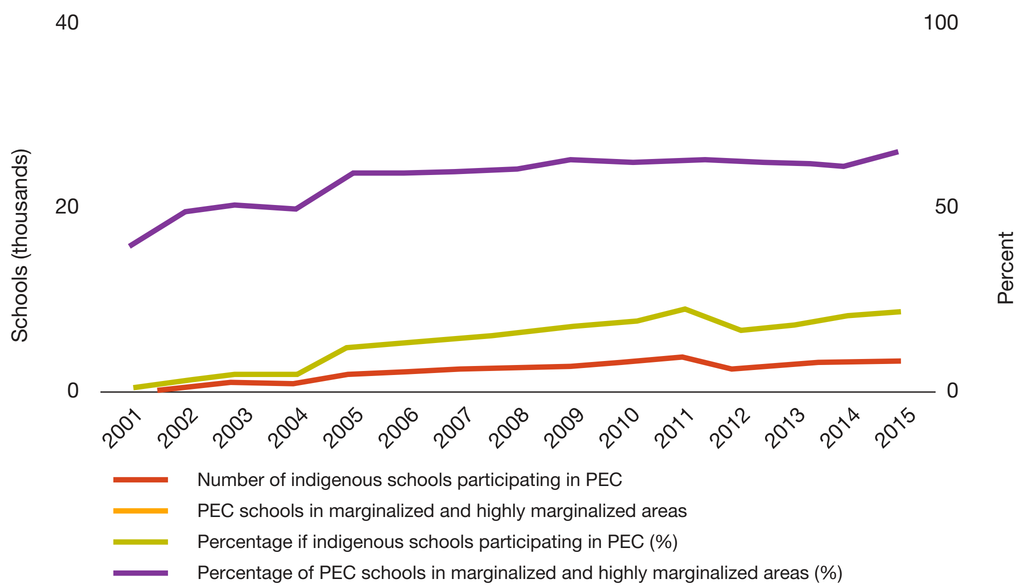
FIGURE 3.2 | Evolution of Programa Escuelas de Calidad



Source: Based on Dirección General de Desarrollo de la Gestión Educativa (General Directorate for the Development of Educational Management) historical data, Secretaría de Educación Pública.

Note: PEC = Programa Escuelas de Calidad (Quality Schools Program).

FIGURE 3.3 | Programa Escuelas de Calidad Coverage of Indigenous and Marginalized Populations



Source: Based on Dirección General de Desarrollo de la Gestión Educativa (General Directorate for the Development of Educational Management) historical data, Secretaría de Educación Pública.

Note: PEC = Programa Escuelas de Calidad (Quality Schools Program).

TABLE 3.4 | Average Test Scores for PEC and Non-PEC Schools, and by the Number of Years in the PEC Program

School Type	2006 (PEC V)	2007 (PEC VI)	2008 (PEC VII)	2009 (PEC VIII)				
Average test score ENLACE								
PEC schools	484	493	497	503				
Non-PEC Schools	473	476	481	487				
ENLACE Average Test scores by the number of years in the PEC program								
Years in PEC	1	2	3	4	5	6	7	8
2006 (PEC V)	476	482	488	494	501			
2007 (PEC VI)	486	488	497	500	505	512		
2008 (PEC VII)	491	495	493	503	508	513	519	
2009 (PEC VIII)	495	499	501	502	209	507	512	527

Source: Secretaría de Educación Pública 2010.

Note: ENLACE = Evaluación Nacional del Logro Académico en Centros Escolares; PEC = Programa Escuelas de Calidad (Quality Schools Program).

Gender, Indigenous Population, and Partnerships

The World Bank Human Development assistance to Mexico did not have a predominant *gender-specific focus* and it was not stated in projects' objectives. Some projects had a gender dimension, these were scattered attempts and seldom coherently analyzed. The exception is the World Bank support to the Seguro Popular and Oportunidades/Prospera.[39] In social protection, the World Bank targeted women through the Support to Oportunidades and the social protection system projects. Oportunidades/ Prospera recipients are poor women. They attended meetings on health and nutrition issues, and are empowered as community organizers, with a participatory role in terms of social services. But the project features only one gender-specific indicator (that is, female beneficiaries) in this project.[40] Social deprivation among indigenous peoples appears to have lessened significantly during the evaluation period, and the World Bank's Human Development program contributed. Access to health insurance (Seguro Popular) is an area of remarkable progress.[41] The Basic Health Care Project III aimed at increasing indigenous people's access to quality services. During the World Bank–supported expansion of the Seguro Popular, the affiliation of individuals in indigenous areas increased to 67 percent. The Oportunidades/Prospera program benefits a much larger percentage of the population in indigenous municipalities (figure 3.3 above).[42] The World Bank worked in partnership with IDB on Oportunidades/Prospera. During the first loan, the World Bank had a technical group including Oportunidades, SEDESOL, CONEVAL, and staff from the IDB for the reformulation of the targeting instrument. Technical assistance was in synergy with the IDB with joint supervision missions.[43]

TABLE 3.5 | Evolution of Education Outcomes

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
% of scholarship recipients that transition from middle to upper secondary in the school year	56.2	56.9	59.8	56.3	64.5	65.9	69.1	71.6	75	..
Gross enrollment rate upper secondary	58.6	..	..	..	..	..	..	71.5	74.2	..
Dropout rate upper secondary	..	15.9	14.9	14.9	15	14.1	13.4	12.6	..	..
Educational attainment, at least completed upper secondary, population 25+, total (%) (cumulative) (a)	30.2	30.3	31.4	29.2	..	33.8	31.6	31.8	33.3	
% students scoring “good” or “excellent” in the ENLACE assessment (Math)	15.0						39.3			
% students scoring “good” or “excellent” in the ENLACE assessment (Language)	52.3						44.7			
% students scoring “good” or “excellent” in the PLANEA assessment (Math)							19.3*		18.8	20.7
% students scoring “good” or “excellent” in the PLANEA assessment (Language)							33.1*		36.0	28.9

Source: World Bank 2016d; (a) The United Nations Educational, Scientific and Cultural Organization; (*) rescaled ENLACE results comparable to PLANEA (National Plan for the Evaluation of Learning / Plan Nacional para la Evaluación de los Aprendizajes) from ICR document; SEP PLANEA results 2015 and 2016.

Note: Evaluación Nacional del Logro Académico en Centros Escolares; PLANEA = Plan Nacional para la Evaluación de los Aprendizajes.

TABLE 3.6 | Results for Education

Results Associated with World Bank Group Goals	World Bank Group Contribution to Results
Improved access and quality of target education programs, including ECD	
• Increase Participation in the PEC of basic education, indigenous, and marginalized and highly marginalized area schools. • Increased school autonomy and accountability, more participatory approach to decision making on schools' affairs, greater parent engagement. • Improved internal efficiently in basic education schools (pass rates, dropout rates). • Increased children aged 0–4 and parents' participation in ECD sessions, and improvements in children's motor skills, although no cognitive results. • Increases in students' test scores, but compensatory programs run by CONAFE still lag in education outcomes.	• Long-term support, contributed to 53 percent of financial support to PEC program since 2006 • Supported capacity building for the States to supervise PEC implementation and alternatives to fine-tuned essential PEC program features based on piloting and technical assistance, including changes in the resource allocation formula across states • Provided school grants for improvements in infrastructure and other quality-enhancing inputs • Helped expand the ECD program to the neediest communities (supporting capacity building for ECD promoters and training parents in improving their competencies and capacities in ECD). • Supported innovative approaches like mobile pedagogical tutors to redesign and scale-up initial and basic education to reach the poorly performing schools in marginalized areas • Less conclusive evidence of the impact of SBM on learning outcomes, but promising under recent Education Reform Program • Brought and supported the application of new international tools to measure the managerial capacities of school's directors • IFC has committed $69 million in three projects in the education sector and they are considered satisfactory Rating: Satisfactory
Skilled labor market participation	
• Establish and adopt competency-based curriculum by most upper secondary schools; make Upper Secondary mandatory, and increase enrollment, particularly of the poor • Rather slow pace for schools to gain accreditation • Increased the number of students receiving scholarships transition from middle to upper secondary • Reduced dropout rates, but still high by international standards • Consistent improvements in learning outcomes in upper secondary education are still to come • Increased tertiary education enrollment by the poor	• Provided 100 percent budget support for education reform, including development of common national curriculum, the establishment of National evaluation and accreditation system. • Financed scholarships for students at risk of dropout to transition from lower to upper secondary. • Provided technical assistance underpinning upper secondary loans. • Supported student assistance interventions, national scholarship program PRONABES—number of scholarships doubled, 40 percent of them are poor, indigenous beneficiaries increased, female beneficiaries remained at 56 percent, and compensatory interventions for disadvantaged students in tertiary education increased; share of recipients participating in the Oportunidades program during upper secondary education increased. • Recently provided support for strengthening institutional capacity of tertiary education institutions and improving teacher quality. • Law on Professionalization teachers career approved; 171,844 upper secondary teachers enrolled in training sessions. Rating: Satisfactory

Source: Independent Evaluation Group.

Note: CONAFE = Consejo Nacional de Fomento Educativo; ECD = early childhood development; PEC = Programa Escuelas de Calidad (Quality Schools Program); SBM = school-based management.

Overall Assessment

The World Bank's program in Human Development had positive results. It contributed to Mexico's progress in some key social indicators, including "social deprivation indicators" as part of Mexico's multidimensional poverty measure, even if attribution is not possible, given the small contribution of World Bank financing relative to Mexico's budget. The World Bank successfully supported major programs that benefited the poor during global crisis (Seguro Popular, and Oportunidades). On education, it worked at all levels to support access, efficiency, equity, quality, and learning. Learning improvements, though few, are promising. Better results were achieved in access for disadvantaged populations and lower dropout rates. Perhaps the most innovative were the World Bank's impact evaluations of SBM models. Overall, technical assistance and ASA were of high quality (appendix G), although some RASs are not available to a wider audience. The World Bank is strengthening the largest and most effective social assistance program (Prospera) and piloting new ways to link its CCT beneficiaries with productive programs.[44] The World Bank program was geospatially sensitive (appendix I). Overall program results are therefore **satisfactory.**

TABLE 3.7 | Summary of Increasing Social Prosperity Ratings

Pillar	Outcome Ratings
Health	
• Expanded health insurance	Satisfactory
• Strengthen epidemic control	Moderately satisfactory
Social Protection	
• Strengthened CCTs	Satisfactory
• Integrated social protection systems for the poor	Not rated; too early to assess
Education	
• Improved access and quality of target education programs including early childhood development	Satisfactory
• Improving skills for labor market participation	Satisfactory

Source: Independent Evaluation Group.

[1] In the 2017 Performance and Learning Review (PLR), objectives were more aligned with the World Bank's lending to improve access and quality in education, and access to and integration of the social protection system.

[2] CONEVAL. Medicion de la Pobreza, Estados Unidos Mexicanos, 2016, cuadro: Evolucion de la pobreza y pobreza extrema nacional y en entidades federativas. 2008, 2010, 2012, 2014, y 2016.

[3] In the 2017 Performance and Learning Review (PLR), objectives were more aligned with the World Bank's lending to improve access and quality in education, and access to and integration of the social protection system.

[4] It was the second-largest operation in the Human Development sector of the World Bank with $1.2 billion in commitments, and the first ever World Bank project financing a health insurance premium. There were also some 50 studies in support of this agenda.

[5] It supported studies and technical assistance informing reforms in primary health services financed by Seguro Popular (EW P150408, The SPSH (Social Protection System in Health) governance and accountability), and health promotion and primary health care (P161129, Strengthening Health Promotion and Primary Health Care in Mexico).

[6] (World Bank 2017) In 2011, Mexico spent around 10.8 percent of health expenditures on administrative costs, far above the OECD average of 4 percent. The World Bank's Health System Modernization technical assistance helped improve the understanding among the states and raised public awareness on the effects of the inclusion of Seguro Popular on coverage, financial protection and informality, and global relevance for health systems.

[7] A larger increase occurred before the project became effective. The recent reduction in beneficiaries reflects improved controls. Enrollment in Seguro Popular allowed the previously uninsured to gain access and use services, while reducing their out-of-pocket expenditures and other barriers. This is further developed in CONEVAL. 2016. *Informe de la Evaluación Específica de Desempeño 2014-2015: Valoración de la información de desempeño presentada por el programa Seguro Popular, Comisión Nacional de Protección Social en Salud.* Also of note, the Fund for Protection against Catastrophic Health Expenditures (FPGC) reduced the proportion of those with catastrophic expenditures by 23 percent (Knaul et al. 2005; King et al. 2009); and the probability of these was estimated at 8 percent lower for households with *Seguro Popular* affiliates than for the uninsured (Hernández-Torres et al. 2008). Demand for hospitals of Seguro beneficiaries tripled during 2005–11 for maternal and child interventions.

[8] Pfutze (2014) finds that program may help reduce infant mortality by close to 5 out of 1,000 births. On concern that Seguro Popular may increase informality, the World Bank–supported studies show that despite some "crowding-out," the impact on formal employment is small. (Aterrido et al. 2011).

[9] This was supported by the Health Programmatic Knowledge Services (PKS 2008–12).

[10] (World Bank 2014e). The findings of the evaluation were reinforced by interviews stating that Though it is a small part of the government's contribution to insurance premiums (that is, less than 5 percent of project costs), World Bank's financing in crisis is highly regarded and appreciated.

[11] The assessment of the Mexican Sistema Nacional de Vigilância Epidemiológica (Epidemiological Surveillance System) identified weaknesses and informed Subsecretariat of Prevention of the Ministry of Health on options for improving system.

[12] Sala Uno is a growing surgical eye care provider in Mexico. It began as a surgery center for cataract surgery has expanded into five business lines which together treat 85 percent of the diverse types of visual impairments in Mexico. Through partnerships with the government (Seguro Popular) as well as through attracting private sector investors such as IFC, they are meeting a very important need for the Mexican population, with a strong focus on rural and low-income people. Investments IFC made to hospitals and medical complexes to were moderately unsatisfactory, as it was determined that is was difficult for the low-income population in the frontier areas where these were being built to sustain a private sector institution because there was too much competition with government institutions.

[13] In the hospital PPP project, IFC's technical expertise, however, brought a positive perception for incentivizing stakeholders in the bidding process, as well as contributed to capacity to structure PPPs in the social sector.

[14] The government sought synergies; for Oportunidades to achieve the long-term goal of breaking intergenerational poverty, it sought to connect program beneficiaries to productive opportunities. The World Bank continues supporting this redesign of the CCT program. Financial support for the CCT program built on the World Bank's past technical cooperation with Oportunidades and SEDESOL, and on evaluation and monitoring, poverty diagnostics and measurement, and social protection strategy. And the World Bank's technical assistance helped create evidence on the quality of service for Oportunidades beneficiaries to improve outcomes. Extensive knowledge work reflects a close partnership with client (the Social Protection System Programmatic Approach II [2014–17] [P148162]).

[15] An integrated information system, when completed, could become a key component of the infrastructure to manage social protection interventions.

[16] This included monthly virtual meetings for the CCT Learning Community composed by 5 Latin America and the Caribbean CCT programs (Brazil, Chile, Colombia, El Salvador, and Mexico). The PLR reports 16 knowledge exchange activities on large CCT topics. According to Prospera, during 2013-17, they had direct knowledge exchanges with 19 countries from every world region.

[17] World Bank, Social Protection Practice data and the Atlas of Social Protection Indicators of Resilience and Equity.

[18] To the A/H1N1 flu epidemic, the World Bank responded with Influenza Prevention and Control Project to strengthen public health capacity to control epidemics but the loan was canceled in 2011 before effectiveness; see more details above, in the Health section.

[19] In FY14, the World Bank team jointly with the IDB supported the National Employment Service at the Secretariat of Labor for an unemployment insurance scheme proposed by the Government in 2013 (PKS programmatic knowledge series on Social Protection and Health) but the proposal appears to be still in the Senate. senate.

[20] During the period 2008–16, lack of access to health care services was reduced from 38.4 percent to 15.5 percent, and the education al gap also decreased from 21.9 percent to 17.4 percent.

[21] The World Bank has substantially contributed to efforts to evaluate the impacts of Oportunidades/Prospera, both as part of the social protection activities in the country program and in DEC or GP research. These figures originate in World Bank, Mexican States Public Expenditure Review, 2016, Tables 8.1 and 8.2, p.284. Calculations based on ADePT (World Bank software platform for automated economic analysis) using ENIGH 2012 data.

[22] See Parker and Todd (2017) for a comprehensive summary review of over 100 studies on the impacts of the program on income, savings, poverty, health, school enrollment and attendance, migration, women status, and voting behavior and Skoufias E., Progresa and its Impact on the Welfare of Rural Households in Mexico. IFPRI Research Report 2005; Freije S., Bando R., and Arce F. 2006. Cash Transfers, Labor Supply, and Poverty: Microsimulating *Oportunidades.* Brookings Institution *Economía* 7 (11): 73–124; Fizsbein A. and Shady N., Conditional Cash Transfers Reducing Present and Future Poverty. Washington DC, World Bank, 2009.

[23] See World Bank 2016a. Further progress is required to fully harmonize/rationalize social assistance at the federal level despite activity such as the ongoing (and recently approved additional financing) Social Protection System project supporting the government (SEDESOL). The World Bank strategic shift toward social protection "systems" can add value in Mexico and to global knowledge.

[24] The World Bank additional financing and restructuring document for the Social Protection System Project (December 2017) reports that in 2015-16, 1.1 million Prospera beneficiaries could access complementary social programs (such as indigenous education, scholarships, food/milk distribution, child care centers, noncontributive old age pensions) and about 236,000 productive inclusion programs. It notes that other "social and productive programs face difficulties in serving vulnerable populations such as children under age of 5, youth, and indigenous populations. The World Bank also proposed an additional Loan and Restructuring of the Social Protection System Project (P164152), Report No. PAD2506. However, as reported through the interviews of Isidro Soloaga, Miguel Szekely, John Scott, Daniel

Hernandez, Prospera staff, these activities are likely to be hindered by the difficulty for different agencies to work toward a common goal.

[25] CONAFE runs community-based schools in poor rural areas and delivers compensatory programs to indigenous children in poor communities lacking regular Secretaría de Educación Pública (Ministry of Education) schools, focusing on low-income populations in the CCT program, Oportunidades/Prospera.

[26] The World Bank supported training of parents and caregivers of children aged 0-4 to improve their competencies and practices. Loans included technical assistance. CONAFE's Initial Education Program offers an alternative to conventional early childhood development programs. In CONAFE's basic education schools, the World Bank financed infrastructure, teacher centers, pedagogic materials, and grants for the Apoyo a la Gestión Escolar (Support for School Management program). Projects include P085851 Basic Education Dev Phase III 2005; 2005 P101369 Compensatory Education 2010; and P149858 Reducing Inequality of Educational Opportunity 2015.

[27] From the pilot in 2001, the government launched the Quality Schools Program (Programa Escuelas de Calidad; PEC) to support a strategy of strengthening school-based management (SBM) and autonomy in urban basic education schools. The World Bank supported expansion of the program nationwide, and has approved three loans to improve school culture and quality. Projects include P088728 School-Based Management Program Adaptable Program Loan (APL)1 2006; P115347 School-Based Management APL2 (2010–14); P147185 School-Based Management Project (2015-present).

[28] The loan financed scholarships for students at risk of dropout. The first loan was part of the $5 billion crisis response package of the World Bank, and disbursed $700 million against Mexico's upper secondary reform, followed by $300.75 million, and $300.75 million without borrower's contribution. These were the only DPLs in the Human Development sectors in Mexico.

[29] The Mexico Secondary Education (EW-P1065567) discussed research on the future of upper secondary education, and provided recommendations.

[30] The Country Partnership Strategy (CPS) for FY08–13 inherited an APL loan approved in 2006 to improve the expansion of tertiary education through student assistance for the national scholarship program PRONABES and compensatory interventions for disadvantaged students.

[31] P085593 APL I Tertiary Education Student Assistance 2006–11. More recently approved were a $130 million loan for the 2013 education reform aiming to improve teacher quality by strengthening the institutional capacity, collaborative applied research, and internal quality assurance, and P160309 Mexico Higher Education Project 2017.

[32] Survey data from the first two closed projects show the participatory decision making on school affairs between parents, teachers, and principals increased, and parents had more engagement in school life, which led to greater teacher accountability. A World Bank review of the 13 most rigorous evaluations of SBM programs worldwide suggests that these approaches can translate into greater parental involvement in the management of schools, changes in teacher actions, and a positive impact on grade repetition, failure rates and, to a lesser extent, dropout rates as found in World Bank 2007. "What Do We Know About School-Based Management?". Furthermore, evidence on PEC shows improved parents' participation and increased secondary school retention (Cabrera-Hernandez y Perez-Campuzano 2016). The impact of SBM on learning is less conclusive but promising. Standardized test ENLACE consistently indicate that PEC schools score higher than non-PEC ones: an randomized controlled trial of 100 schools in the state of Colima found that PEC schools increased scores by 30 points in three years. (Garcia-Moreno, Gertler, Patrinos and Rubio-Codina 2010 and World Bank 2012: *Mexico: Programa Escuelas de Calidad (PEC) School Autonomy & Accountability, Systems Approach for Better Education Results (SABER) Country Report)*

[33] A World Bank review of the 13 most rigorous evaluations of SBM programs worldwide suggests that these approaches can translate into greater parental involvement in the management of schools, changes in teacher actions, and a positive impact on grade repetition, failure rates and, to a lesser extent, dropout rates as found in World Bank 2007. "What Do We Know About School-Based Management?" Furthermore, evidence on PEC shows improved parents' participation and increased secondary school retention (Cabrera-Hernandez y Perez-Campuzano 2016). The impact of SBM on learning is less conclusive but promising. Standardized test ENLACE consistently indicate that PEC schools score higher than non-PEC ones: an RCT of 100 schools in the state of Colima found that PEC schools

increased scores by 30 points in three years. (Garcia-Moreno, Gertler, Patrinos and Rubio-Codina 2010 and World Bank 2012: *Mexico: Programa Escuelas de Calidad (PEC) School Autonomy & Accountability, Systems Approach for Better Education Results (SABER) Country Report).*

[34] About 58,000 children of 0-4 years of age and 48,640 parents attended at least 80 percent of the early childhood development sessions in rural and poor municipalities. Impact evaluation results suggest parents attending early childhood development sessions displayed improved parental practices. Furthermore, significant positive effects on children's gross motor skills were found, although other dimensions of child development were not statistically significant. (Gertler et al. 2008). According to project data, ENLACE test scores increased from 432 to 514 for 6th graders and from 464 to 558 for 3rd graders in compensatory schools in target communities.

[35] World Bank, Mexican States Public Expenditure Review, 2016 pp.255.

[36] Enrollment of poor students rose and dropout rates fell but completion lags the OECD and Latin America and the Caribbean averages: OECD (2013). Education at a Glance 2013, Country Note Mexico. Student assistance policies helped basic education graduates to enter and remain in the upper secondary. The percentage of scholarship recipients that transition from middle to upper secondary increased considerably, reaching 75 percent in 2015. Moreover, dropout rates fell to 9 percent by end-2016 (INEE 2017). Gross upper secondary enrollment rose from 58.6 percent in 2007/08, to 74.2 percent in 2015/16.

[37] The share of students scoring "good" or "excellent" in math ENLACE tests showed big gains, but language achievement dropped.

[38] By project's end, all scholarships recipients were from the bottom 40 and the share of indigenous PRONABES beneficiaries rose from 5.2 percent in 2004 to 12.55 percent in 2011. The share of national tertiary enrollments by students in the bottom 40 doubled from 2004/5 to 20.6 percent in 2010–11. The number of tertiary graduates rose from 359,635 in 2004–05 to 475,584 in 2010–11. Graduation results would likely not have been achieved without the expansion of PRONABES supported by the project.

[39] In health, the Basic Health Care Project III supported the provision of reproductive and maternal health care services but related indicators were later dropped, and no sex-disaggregated or female-specific indictors remained at completion. The Social Protection System in Health projects also highlighted gender issues where *Seguro Popular* had an important role. It tracked gender in the results framework, the affiliation of women and girls into the Seguro Popular. The SPSH governance and accountability technical assistance used female-specific health care services.

[40] This indicator is not very informative about actual women empowerment results, and other aspects of greater female participation are not captured. Also, transition rates of Prospera beneficiaries were not disaggregated by sex either, which is a missed opportunity. In education, there is no evidence that projects incorporate a gender perspective consistently.

[41] This is the only social indicator where indigenous access is similar to the nonindigenous population. Social deprivations in education and health have lessened more for indigenous population, but deprivations for this group remains the highest.

[42] The Oportunidades/Prospera program has shown important increases in the grades of schooling for indigenous people. In education, the World Bank assistance to CONAFE reflects great focus on indigenous populations.

[43] The IDB staff has contributed their expertise on unemployment insurance of the Social Protection System Programmatic Approach II. The World Bank also coordinated with the IDB in education. Its assistance for compensatory schools followed the World Bank's and IDB's traditional division of labor. Support for education are also being partly supported with CONAFE and other donor funds. In tertiary education, the IDB complemented efforts to the World Bank's to strengthen the Labor Market Observatory.

[44] It is working with SEDESOL toward a social protection "system" of coherent, and coordinated policies and programs. The World Bank could focus more on: poor interagency cooperation, new reforms, especially in health and social protection, and full implementation of the 2013 education reform, which requires agreement with the Government. The World Bank could also build on its knowledge and convening power to support the next phase of reforms. Finally, the World Bank could develop better metrics for knowledge, which are very highly valued by the client. The World Bank could help institute unemployment insurance scheme and adapt temporary employment program to urban areas.

4

Strengthening Public Finance and Governance

highlights

1 The World Bank has had strong and varied engagement on public finance and central and state government levels with some innovative initiatives and important results, despite an often-difficult operating environment at state levels. Its objectives and engagement in public finance have been highly relevant and aligned with the government's priorities and the World Bank's comparative advantages.

2 The World Bank engaged with an appropriate mix of instruments tailored to specific needs and situations at federal and state levels, including a series of development policy loans in support of the government's countercyclical policy response, advisory services in support of a major tax reform, tax and judicial modernization projects, and many Institutional Development Fund grants and reimbursable advisory services in many states, including some of the poorest in Mexico.

3. Influential results were achieved in the countercyclical support, in increasing non-oil revenues, in supporting the subnational fiscal responsibility legislation, in engagement at the subnational levels, especially in the state of Oaxaca, and in support for capacity building of the federal Congress.

4. Knowledge work has been of high quality and influential (especially on tax reform and Public Expenditure Review) and South-South learning and exchanges at federal (for example, on tax reform) and state levels (for example, subnational planning and budget management).

5. Varied results were achieved with engagements in public sector management, including in judicial reform and in capacity building in some states. The World Bank attempted to engage in crime and violence though its scope of activities was reduced during implementation.

6. Constraints on lending, capacity limitations, and frequent turnover of officials at the local level have constrained deeper engagement.

7. Public finance engagements contributed to the twin goals indirectly through their contributions to strengthening of macroeconomic stability and structural reforms and to building capacity at federal and state levels.

DURING 2008–17, Mexico's public finances faced important short- and long-term challenges. The short-term challenge was to cushion the impact of the global financial crisis. The long-term, structural challenges included the excessive reliance on oil revenues and low non-oil and overall tax revenues, as well as challenges associated with building of the tax base and capacity for public sector and debt management and delivery of services at the federal and, especially, subnational levels. The World Bank has designed and implemented an array of public finance interventions to address those challenges. This includes a series of DPLs in support of the countercyclical fiscal policy response, an influential PER, tax and judicial reform projects, many Institutional Development Fund (IDF) grants, and RAS-based engagements at federal and subnational levels.

World Bank Group Objectives and Results for Public Finance and Governance

The Bank Group's strategy during 2008–12 was fundamentally flexible and client driven. Public finance issues in this strategy were clustered mainly around two themes. The first, Strengthened Institutions, included improvements in fiscal transparency, governance, and accountability; improved municipal administration; strengthened customs efficiency; judicial efficiency; and government capacity building. The second, Accelerating Growth, aimed to support, among other areas, countercyclical fiscal policy and medium-term fiscal stability. The 2014–19 CPS (October 2013), by contrast, was designed and implemented in the postcrisis period, representing a strategic shift toward more limited investment lending, IDF grants, and RAS-based interventions, including at the subnational level. Reflecting strategic diagnostics of key development constraints, the CPS supported public finance in the third of its four stand-alone pillars: strengthening public finances and improving government efficiency. Public finance engagement centered on managing medium-term fiscal challenges at national and subnational levels; enhancing public service delivery; and implementing an integrated sovereign risk management framework.

Three main outcomes were increased non-oil public revenues, improved expenditure equity at the federal level and in selected states, and increased adoption of modern public sector management and information systems at the federal level and selected states (IBRD, IFC, and MIGA, 2014, appendix 1, p. 44). In the recent Performance, Learning, and Results Review (2017), the results framework was simplified and the three objectives or expected outcomes were merged into one: Improved Fiscal Management Capacity and Increased Adoption of Modern Public Financial or Information Management mechanisms in selected states.

Short-term Countercyclical Policy Response and Increase in Non-oil Revenues

The crisis hit Mexico hard: Real GDP dropped by 6.8 percent in 2009. Mexico's sovereign risk premium peaked at 500–600 basis points (IMF 2014). The government responded by increasing public expenditures but asked the World Bank and other external partners to help it weather the unprecedented global crisis. In response, the World Bank swiftly put together a massive package of development policy financings (DPFs) and other quick-disbursing loans. In addition to the environmental DPF (see chapter 5), the World Bank prepared three DPFs as part of a broad World Bank–supported anticrisis package totaling $4.2 billion per year in 2009 and 2010. The first fiscal DPF, $1.5 billion, was prepared and disbursed rapidly. It has targeted countercyclical fiscal support as well as support to employment programs and further trade liberalization. It achieved important results in the context of the crisis.[12] It also helped enhance capacity for temporary employment programs and improved financial access, consumer protection, and financial stability. Tax measures resulted in increased non-oil tax revenues but by less than envisaged. By 2010, Mexico's sovereign risk premiums dropped to close to a precrisis level of about 100 basis points (IMF 2014). The loan showed satisfactory performance.[3]

The second DPF, Strengthening the Business Environment for Economic Growth, a $750 million, stand-alone, single-tranche DPL (approved in 2010) built on the knowledge work within and outside the World Bank indicating the importance of competition, especially in telecommunications (Noll 2009; Villar 2009) and financial markets for long-term growth (Hanson 2010). Its development

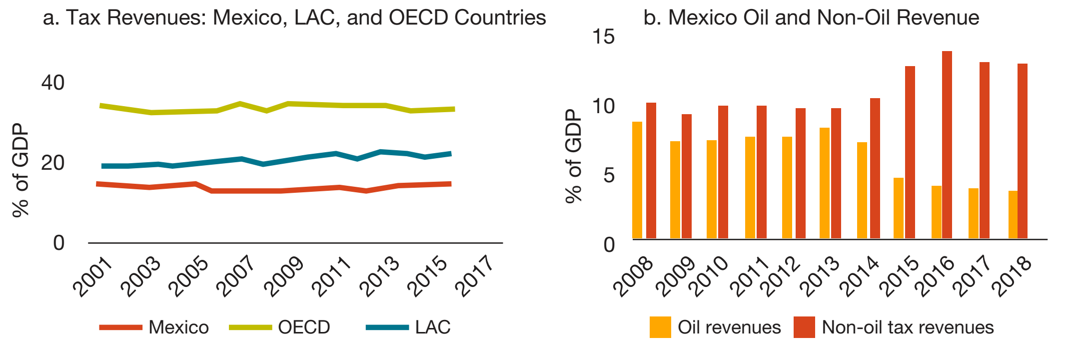
TABLE 4.1 | Selected Revenue and Other Fiscal Indicators (percent GDP)

Selected Revenue	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total government revenue	23.6	23.3	22.4	27.7	22.7	24.2	23.3	23.1	23.2	22.6	20.7
Oil revenue	8.7	7.4	7.4	7.6	7.6	8.3	7.1	4.6	4.0	3.9	3.6
Non-oil revenue	10	9.3	9.9	10	9.8	9.7	10.5	12.9	13.9	13	13
Total expenditures	23.7	25.6	25.2	25.2	25.3	28	27.9	27.2	26	24	23.2
Subsidies	2.7	2.9	2.8	3.1	3.2	4	3.8	3.7	3.5	2.8	2.6
Oil subsidies	—	—	—	—	—	0.7	0.2	0	0	0	0
Fiscal balance[a]	–1.8	–5.1	–4.3	–3.4	–3.7	–3.7	–4.6	–4.1	–2.8	–1.4	–2.5
Gross public debt	48.3	43.9	42.4	43.6	43.5	46.4	49.5	53.7	58.4	53.8	53.3

Source: IMF 2010, table 2; IMF 2013, table 2, p.34: IMF 2017, tables 3 and 3, pp. 41–42.

Note: — = not available; GDP = gross domestic product.
a. Including net lending or borrowing.

FIGURE 4.1 | Tax Revenue Comparisons and Mexico's Oil and Non-Oil Revenue



Sources: OECD.Stat, International Monetary Fund.

Note: GDP = gross domestic product; LAC = Latin America and the Caribbean; OECD = Organisation for Economic Co-operation and Development.

objective was to strengthen Mexico's business environment and the micro-economic foundations for economic growth and employment generation.[4] This loan was also rated satisfactory.[5] The third DPF—Fiscal Risk Management DPL (P123505), in the amount of $300 million, was approved in 2012—aimed to support Mexico's fiscal risk management policies to foster the efficient and effective implementation of public expenditure programs.[6] In the event, the project was canceled.[7] Still, policies supported under the loan remained broadly on track, prior actions were completed and related reforms sustained.[8] Policy dialogue ultimately did get reflected in the subnational fiscal responsibility law that was put in place later in 2016, and important outcomes targeted under the program were achieved and sustained.[9]

Medium-Term Structural Support to Public Sector Management

Revenue Management

Against the backdrop of these reforms, low non-oil revenues remain a long-standing structural problem in Mexico's budget and the key reason for the low overall government revenue-to-GDP ratio. Non-oil revenues at the beginning of the evaluation period were less than 10 percent of GDP. The reasons are complex and have to do with the extensive loopholes, weak tax administration, and a tax culture of noncompliance. Despite earlier attempts at reform, breakthrough only came in 2013. The World Bank made an important contribution to the result of substantial increase in non-oil revenues through long-standing advice, policy dialogue, and analysis.[10] Once ready to pursue large reform, the government asked the World Bank to identify a senior consultant to provide technical advice about the various options in tax reform. The World Bank has selected a seasoned senior consultant with special expertise on fiscal and subnational fiscal relations, who also worked very well with the client and provided significant contribution to the reform. Results were significant: (i) a large tax reform that helped close many loopholes and expand the tax base, and (ii) an impact on the large, 3 percentage point increase in non-oil tax revenues over the 2012–17 period (the fiscal impact rises to close to 4 percentage points with the elimination of energy subsidies). This was combined with a reduction of highly regressive energy (gasoline) subsidies, which has improved the composition and efficiency of public expenditures.[11] This tax reform has been studied in China (Ahmad 2017, 2018), and its high impact was noted by IEG (appendix G).

Other Areas of Public Sector Management

Public sector management engagements varied, as exemplified by the state judicial modernization project, strengthening of capacity of the federal Congress, and the Public Expenditure Review (PER). A State Judicial Modernization Project (approved in FY05 and closed in FY12) aimed to improve institutional performance of judiciaries in a several states through Banobras's credit program for state judicial modernization. The project aimed to (i) strengthen institutional capabilities, organizational culture, and knowledge; (ii) strengthen efficiency and effectiveness of judicial services; (iii) improve judicial transparency; (iv) increase access to justice; and (v) support project coordination, monitoring and evaluation, and learning, including consultation with project stakeholders. It also incorporated gender-specific aspects.[12] The project targeted 11 states.[13] It was rated moderately unsatisfactory by the Implementation Completion and Results Report (ICR) Review. It notes that the Federal District Superior Court of Justice subproject generated some important results,[14] but the broader project was not able to attract states' participation, resulting in only partial achievement of objectives.[15]

The second large engagement in this area came on the heels of the successful World Bank engagement with tax reform (2014–16). The Ministry of Finance's planning unit engaged the World Bank to conduct its first comprehensive PER in more than 10 years. The government's financing demonstrated strong ownership. The objectives and scope were comprehensive. The PER was to take stock of the macro-fiscal and debt situation in the country, chart a medium-term program of fiscal consolidation, and analyze the government's priority sectors: health, education, and security. The clients uniformly report that the PER was a highly owned process and product, and a candid policy dialogue. Key counterparts consider it "an exceptional exercise," in quality relevance, and technical soundness and actionable recommendations, an assessment shared by the evaluation team. One example is the passage of the Ley de Disciplina Financiera de las Entidades Federativas y los Municipios (the Fiscal Responsibility Law for Subnational Governments), which establishes a fiscal rule for states and municipalities that links fiscal balances to indebtedness levels. It resulted in tightening debt management practices and controls at the subnational levels.[16]

Another important engagement was an IDF grant in support of strengthening of the capacity of the federal Congress, a key element of democratic governance in Mexico. To this end, the IDF supported activities to professionalize technical staff of the Congress, providing a state-of-the-art information management system, and increasing its accountability through greater transparency in budget execution.[17] Important results were achieved in strengthening the capacity of the lower house of Congress under the first IDF grant to analyze and debate complex budgetary and other information.[18] However, little progress was achieved in developing a robust monitoring and evaluation system as was envisaged. The World Bank also launched a program aiming to reduce and prevent crime and violence, and mainstream new violence prevention into World Bank operations, but its scope was curtailed. Strong ownership is reflected in the follow-up grant. The second IDF grant achieved results but less than the first.[19]

Strengthening Subnational governance

The World Bank responded to the massive institutional development and capacity needs at the subnational level with engagements in several states (appendix I has a geospatial analysis). Most engagements at subnational level were in the form of RAS, reflecting strong demand for World Bank knowledge services at the state and municipal levels where institutional and capacity building needs are the greatest. The most important was the Oaxaca Technical Collaboration Memorandum of Understanding and associated activities for strengthening public sector management.[20] Oaxaca is one of the five poorest states in Mexico, making the engagement especially relevant for the World Bank's role in the lagging regions. Before the formulation of the intervention and signing of the memorandum of understanding as part of broader programmatic approach, the World Bank carried out a rapid but in-depth diagnostic to understand constraints. Based on this diagnostic, in consultation with the Oaxaca authorities, a program of interventions was developed focusing on improving the organizational structure of the finance secretariat; strengthening planning, evaluation, and investment systems; strengthening the financial management and performance management system; and modernizing the tax administration system.

TABLE 4.2 | Public Sector Performance in Oaxaca and Mexico

Year	Oaxaca	Mexico[a]
Progress on implementing Results-Based Management (a)	3.9	3.6
2010	56 percent	58 percent
2012	41 percent	56.6 percent
2014	72.6 percent	66.80 percent
Progress on monitoring and evaluation (b)		
2011	51.90 percent	44.40 percent
2013	78.7 percent[b]	52.50 percent
Progress on budget transparency (c)		
2010	35 percent	52.5 percent
2012	58 percent	55.6 percent
2014	66 percent	65.1 percent
2015	71 percent	71.5 percent

Sources: (a) Transparencia Presupuestaria, Secretaría de Hacienda y Crédito Público (Secretariat of Finance and Public Credit). (b) Diagnóstico del avance en monitoreo y evaluación en las entidades federativas, Consejo Nacional de Evaluación de la Politica de Desarrollo Social (National Council for the Evaluation of Social Development). (c) Información Presupuestal Estatal 2015, Instituto Mexicano para la Competitividad (Mexican Institute for Competitiveness).

Note: a. State's national average.
b. Highest score of the year.

Key interventions have delivered tangible results in the form of milestone-outputs, as follows, as evidenced by the final report, mission interviews in the state of Oaxaca, and supplemental materials received from the State.[21] Given the institutional nature of the engagement, the results are outputs rather than outcomes but their importance should not be underestimated.[22] [23] Finally, with the state collecting only about 10 percent of its total revenues, the program has targeted improvements in revenue and audits. The main results (outputs) were revised structure of the Revenue and Tax Audit Function, completed in December 2013, and the Strategic Plan for Tax Administration, delivered in July 2014, which have become the blueprints for follow-up reforms. Mission interviews with the state of Oaxaca uniformly show satisfaction with the World Bank's engagement and deep appreciation of its contribution. Beyond the State of Oaxaca, the World Bank engaged with other states in a wide range of areas of other areas of subnational governance and public sector management and institutions. These engagements had varied objectives and scope and used different instruments, ranging from IDF grants to RAS. For example, it extended many IDF grants to Mexican states. In Yucatán, it focused on strengthening information and statistics systems and institutions, including the poorest Oaxaca and Puebla. In Yucatán and Agua Calientes and in the Ministry of Finance, there are indications of satisfactory achievement as well as in Agua Calientes Aguascalientes and Ministry of Finance in the context of the IDF grant on fiscal transparency harmonized budgetary and accounting system in the state of State of Agua Calientes Aguascalientes was substantially completed and more than 20 workshops were held of the Permanent Commission of Fiscal Professionals working groups on budget and accounting.[24]

Overall Assessment

The outcomes of the Bank Group program on public finance have been strong in a variety of areas. The World Bank is a trusted partner of the Ministry of Finance and its many subnational clients. The World Bank contributed with advice through policy notes, tax advisory, and PERs as well as timely, direct DPF financial support. The critical need to increase non-oil revenues, improve the tax structure, and eliminate fuel subsidies has been met at this stage and the World Bank has contributed in many public finance areas, from the macro-fiscal and debt management at federal and subnational levels, fiscal responsibility legislation, tax reform, public expenditure management, and institutional strengthening at subnational levels. Mexican tax reform has been studied abroad and it has informed tax reform in China. Innovative initiatives (catastrophic risk bonds) have been best practice, on the cutting edge of financial innovation with global influence. The World Bank's contribution has been uniformly appreciated.[25] Geospatial data suggest a degree of congruence between the spatial distribution of all World Bank interventions and the bottom 40 percent.[26] Although the World Bank's contribution in several areas is clear, attribution is difficult to establish. In the absence of the World Bank, other players could have played its role at the time (for example, IMF, IBD, local and international experts) but the World Bank was the government's tax adviser of choice for this key public finance reform. In the state of Oaxaca, field interviews suggest that without the World Bank's support, the reforms would not have made as much progress. Still, the World Bank's effectiveness is constrained by capacity constraints, the political cycle, and transitions at federal and, especially, at subnational level and by the internal Mexican institutional requirement that the World Bank is working with and through Banobras to engage with lending at federal and subnational levels. Overall, results for this pillar are rated satisfactory.

TABLE 4.3 | Results in Strengthening Public Finance and Governance

Results Associated with World Bank Group Goals	World Bank Group Contribution to Results
Countercyclical policy response and increased non-oil government revenues	• The World Bank's swift and large DPL lending in 2009–10 contributed to the countercyclical fiscal policy while supporting medium-term, structural fiscal and business climate reforms. It also helped further trade liberalization. The World Bank's technical assistance and advisory informed the government's tax reform that has helped increase the non-oil tax-to-GDP ratio by 3 percentage points during the evaluation period, while implementing energy subsidy reform. Rating: Highly satisfactory
Increased adoption of public sector management and information systems at federal level and in selected states	• Results-based budgeting; The Fiscal Responsibility Law for subnational governments, passed in 2017, was informed by the policy dialogue and PER (2016). In its 2010 DPL, the World Bank–supported harmonized accounting standards across federal, state and municipal governments have had considerable impact on bringing order and transparency in the fiscal reporting and fiscal transparency. Information systems framework at federal and subnational levels—dialogue under the PER. • Significant reduction of Most Favored Nations tariffs and simplification of the trade tariff regime and customs processes. Rating: Moderately satisfactory
Strengthened subnational governance and management capacities for better results and effectiveness	• Fiscal responsibility law and early improvement in subnational debt management; In the state of Oaxaca, the World Bank has supported comprehensive public sector reform with a Public Sector Modernization Program (RAS/FBS) as well as Oaxaca: Strengthening the State's Management Capacities (IDF) through (i) Implementation of a strategic sector planning pilot program; (ii) Improvement of the planning, investment and budget system; (iii) Strengthening public sector management capacities on investment and budgeting; (iv) Development of technical capacities among public servants. Some of the key results include: treasury single account, improvements in metrics of results-based budgeting, monitoring and evaluation, and budget transparency, creation of the State Planning System, the Public Investment Management System, and the creation of the Monitoring and Evaluation System. Statistical capacity building in other states Rating: Satisfactory

Source: Mexico CPE evaluation team assessment.

Note: GDP = gross domestic product; IDF = Institutional Development Fund; PER = Public Expenditure Review.

[1] It contributed to the countercyclical policy and further trade liberalization at a time of protectionist pressures.

[2] The loan was part of a package of 4 DPLs during FY10 amounting to $4.2 billion. In addition, Mexico received a $47 billion contingent, Flexible Credit Line from the IMF, a $30 billion swap from the Federal Reserve (not used), and $1.0 billion in an operation like this DPL from the IDB later in 2010. Moreover, the DPL has built on policy and institutional frameworks under the World Bank's two related Technical Assistance loans which were approved one year earlier—one for results-based management and budgeting, and another for customs Administration.

[3] IEG ICR Review Report 13718, 2012.

[4] Although public finance content was limited, the loan did feature, in addition to macro-fiscal framework, certain structural reforms in public procurement and fiscal transparency.

[5] Its results include the support for the passage of the Competition Law, which has set stage for the subsequent reforms in the telecom sector several years later. It has helped improve Internet access, more competitive and transparent procurement, increased financial sector stability, and a more conducive environment for Public-Private Partnerships (PPPs). In the public finance area, the loan has helped establish framework agreements and rules governing reverse auction in the application of the Law of Acquisition, Leases, and Services of the Public Sector, contributing to the greater transparency of public procurement. Many reverse auctions were implemented, substantially exceeding targets (IEG ICR Review Report 14057, 2013; also see independent evidence from OECD 2015, box 3, p. 53).

[6] This was to be achieved by: (i) supporting Mexico's integrated risk management approach; (ii) promoting the institutionalization of risk mitigation policies; and (iii) highlighting critical elements of Mexico's risk management framework. Strengthening fiscal and subnational debt management institutions and practices were an important element of the reform.

[7] In September 2013, the loan was canceled due to government's institutional requirements for signing of the loan, which the World Bank appears to not have fully anticipated and staff reshuffle in the counterpart agency in the context of the 2012 presidential elections.

[8] Several key reforms have continued despite cancellation and resulted in achievement of the target indicators.

[9] The first is the *Cetes Directo* program by which Federal Government sells its securities directly to the public, providing small and medium-size investors access to all types of government securities, independently of intermediaries. The DPL targeted the number of accounts and amounts invested per account and both targets were exceeded. Also, the target number of payments through the treasury single account has been exceeded already during 2012 and the treasury single account continues to strengthen. Finally, the loan targeted shortening the response time from the declaration of natural disaster with progress reported by 2012. This has been a key variable capturing the effectiveness in the government's Fund for Natural Disaster (FONDEN) ability to respond to natural disasters.

[10] An earlier, tax modernization project that was rated satisfactory contributed to improvements in compliance and strengthening of tax administration. But the World Bank's contribution was most significant in its subsequent advisory support to the Ministry of Finance.

[11] The broader impact is underscored by the simultaneous drop in oil revenues (due to oil price decline of the) of approximately same magnitude—4 percentage points of GDP. As a result, the outcome of the tax reform is a large improvement in the composition and robustness of government revenues, as well as the tax structure and tax base.

[12] Increased accessibility to justice administration included the reduction of barriers to service for women. It also included community outreach programs seminars on gender-based violence.

[13] Quintana Roo, Puebla, Oaxaca, Mexico, Sonora, Nayaritt, Guanajuatto, Colima, Chihuahua, Baja California, and Aguascalientes.

[14] For examples, results in terms of investments on its new ICT system, thanks to support of re-elected Chief Justice and committed management and staff of the client.

[15] Reasons for nonparticipation by states are related to nature and terms of Banobras credits. These constraints (discussed in the chapter that includes financial sector of the Mexico CPE evaluation) have influenced the lack of subsequent subnational borrowing for projects in Mexico.

[16] This is evidenced by mission interviews at federal and subnational levels and the most recent data on subnational debt levels. The law continues to support sound debt management at subnational levels.

[17] The IDF had three components: Integrated Information Management System—Archives Institutional Strengthening of Study Centers and the Committee of Information (including monitoring and evaluation), and Management and Complaints (IMCC), and Strengthening of the Financial Management System of the Cámara de Diputados' Internal Budget and Expenditures. In 2015, the World Bank extended the second IDF aiming at (i) systematizing legislative information under a knowledge management approach, (ii) reinforcing the technical capacity of Congress to generate, analyze and discuss information during the different stages of the budgetary cycle, and (iii) automate the human resource procedures.

[18] First, because of the implementation of an integrated management information system (SAID), Congress has a more reliable tool to store and organize the information. SAID is operating in 12 out of 22 organizational units that constitute the administrative body of Congress. Second, Congress now has a complete and integrated financial management information system that will allow for a better management and control of the budget as well as for higher levels of internal and external accountability.

[19] For example, the organization and recording of information in the House is now a common practice. It also developed general and customized training modules on budget management and performance and 20 researches among the congressional Study Centers were trained but the sustainability of this activity is in question. Human Resources management processes were also systematized through the acquisition of an Human Resources module, which was customized and integrated to the Financial Management System of the Congress.

[20] The RAS was complemented by several interventions that include two additional World Bank projects: (i) Latin America and the Caribbean Middle-Income Country (MIC) Program (P110604), and ii) Oaxaca: Strengthening the State's Management Capacities IDF Grant (P129968) as well as Oaxaca Rapid Assessments and Action Plans: Identification of critical public sector management challenges, and transparency and accountability in the water sector (municipal service delivery). See World Bank 2016 and World Bank and Oaxaca 2016.

[21] Mission interviews in the state of Oaxaca, December 2017; World Bank 2016; World Bank and Oaxaca 2013.

[22] Given the very limited capacity and organizational efficiency, achievements are significant in the following areas: public financial management (PFM), planning, treasury and audit functions. Oaxaca engagement was, de facto, a comprehensive, first generation public sector reform of the state in a very low capacity institutional environment and limited revenue capacity and tax administration.

[23] Modern treasury was established with a treasury single account, bringing improvements in cash control and management. There were also procedural improvements associated with the organizational changes made on recommendations of the Functional Review. Another result was the creation of the State Planning System, the Public Investment Management System and the creation of the Monitoring and Evaluation System, including their main instruments and tools to ensure the linkages between the planning, investment, budget and evaluation functions. In the PFM and information system area, the main results achieved so far are that the development of a comprehensive PFM reform agenda, streamlining of PFM process and the Financial Management Information Systems system, which is currently under construction.

[24] In the case of Puebla grant on accountability and efficiency of service delivery, including through greater engagement of the civil society, results were much more modest because of the inadequate ownership of the main client, the Governor's office, as well as lack of sufficient trust in the government by the civil society, though the World Bank made concerted effort to bring in private sector as well as civil society.

[25] The World Bank engagement at subnational has been difficult but it has shown results and promise of a wider and deeper engagement in the future using the lessons learned so far, especially from the state of Oaxaca.

[26] See appendix I on the geospatial analysis as well the IEG evaluation of shared prosperity, 2017.

5

Promoting Green and Inclusive Growth

highlights

1 World Bank objectives supported a broad and comprehensive program for mitigation and adaptation to climate change and support to the environment, with a highly committed country partner.

2 Most of the strategic green and inclusive growth objectives of the World Bank during FY08–17 were largely met or significantly advanced.

3 Mostly positive outcomes were achieved in operations in the energy sector (renewables and efficiency), forestry, biodiversity, and (urban) transport, thanks to borrower commitment, leveraged by trust fund resources, and underpinned by high-quality analytical work.

4 Backed by pioneering analytical work on the impact of climate change, early lending through environmental development policy loans used crisis support to advance policy reform, laying out a strategic framework with subsectoral targets, cross-agency coordination mechanisms, and funding.

5

International Finance Corporation investments and advisory services had highly variable success and, despite success in some areas, several projects in support of green urban development, renewable energy, and water efficiency were unsuccessful and inadequately coordinated with the World Bank. However, many of these projects were innovative solutions to important strategic goals.

"PROMOTING GREEN AND INCLUSIVE GROWTH" was introduced in the Bank Group's CPS for Mexico of FY14–19. It brought together two themes contained in the previous CPS (FY08–13) "Environmental Sustainability" and "Infrastructure and Secure Energy." It reflected prevailing World Bank thinking as well as Mexico's aspirations as an OECD member with a long-standing commitment to environment and climate.[1] Mexico's commitment to green growth was clearly reflected in its own NDP.[2] The Bank Group CPS was one of the first with an integrated approach toward "inclusive green growth" integrating environment considerations and infrastructure development. This focus was also appropriate in the context as Mexico is a contributor toward greenhouse gas emissions, yet host to one of the world's richest areas of biodiversity.[3]

World Bank Group Objectives and Results for Green and Inclusive Growth

The CPS FY08–13 objectives included DPLs for climate change, the environment, and actions in the energy and water sectors, reflecting prior lending in this area, strong government commitment, and World Bank–led foundational analytical work.[4] Regarding infrastructure, the CPS did not mention new World Bank investments, but expected an increased role of IFC. The onset of the 2008 global financial crisis saw a sharp increase in World Bank financial resource transfers for environment and climate change but policy agenda remained broadly unchanged.[5] The World Bank Policy Notes (2012) that underpinned the Mexico CPS for FY14–19 included two notes on the green growth agenda; Reducing the Footprint of Growth and Using Natural Resources in an Optimal Way.[6] These themes, reflected in the FY14–19 CPS Results Matrix, were regrouped in the PLR of January 2017 to "an improved capacity for low-carbon urban development" and "improved sustainable management of key natural resources." Discussion below is focused on IBRD with IFC's interventions, which amounted to 12 percent of its portfolio in the sector.[7]

A Framework for Climate Change and Low-Carbon Development

Policy actions for climate change mitigation, adaptation, and management. Massive World Bank policy support for environment lending was underpinned by a tight and interlocking web of rich analytic work, trust funds, and partnerships. In all, Mexico's climate and environment DPLs amounted to some $4.3 billion.[8] Although around $0.4 billion preceded the review period, the key institutional relationships developed provided the foundation for later operations. These were accompanied by grant support through the Global Environment Facility (GEF), concessional financing through World Bank–administered Carbon Funds and (from 2009) Climate Investment Funds, in partnership with other donors. Pioneering analytic support through a low-carbon development study undertaken by the World Bank's Energy Sector Management Assistance Program (ESMAP 2009) helped Mexico estimate the macroeconomic and fiscal implications of reform and identify measures for reducing greenhouse gas emissions.[9] The World Bank, together with the UK government and the IDB, contributed to a study published by Mexico's environmental ministry Secretaría de Medio Ambiente y Recursos Naturales (2009) that used rigorous modeling to assess the cost of climate change and mitigation, building on Stern (2007). With complementary sectoral and topic-specific studies, these provided much of the analytical basis for the DPLs.[10] As Mexico's crisis financing needs diminished and World Bank lending constraints became manifest, analytic support became the mainstay of World Bank interventions. Subnational climate change actions were focused on states and municipalities, estimating regional differences and impacts on poverty.[11]

Low-carbon urban transport, residential and commercial energy, and housing. Urban transport was a centerpiece of the $1.5 billion Framework for Green Growth Loan that focused on policies to monitor and finance reduced emissions: IEG's ICR Review (2014) deemed its contributions substantial. It was supported by a GEF project for less carbon-intensive transport in Mexico City. Closed in 2009, it was rated satisfactory by IEG, achieving and at times surpassing most of its outcome indicators. It was followed by the Urban Transport Transformation Program Loan ($150 million, 2010), spanning urban trains as well as bus rapid transit cofinanced with concessional Carbon Trust Funds ($200 million). The project uses a Banobras managed credit line that on-lent to states, municipalities, and the private sector, relating to the Federal Mass Transit Program.[12] Significant disbursement delays postponed the closing date from 2017 to 2019, though the restructuring paper and its most recent Implementation Status and Results Report (ISR; 2017), as well as IEG mission findings suggest a performance upgrade to moderately satisfactory, if agreement on a major project with Mexico City is firmed up.

World Bank lending in support of energy efficiency in rural, urban, and municipal areas was often leveraged by trust fund support, and met with mixed success. An IBRD and GEF Integrated Energy Services Project ($30 million, 2008) sought to increase access to sustainable renewable energy services in indigenous rural areas of Mexico, to about 50,000 unserved rural households, businesses, and public facilities. However, despite substantial relevance of design, its outcome was judged moderately unsatisfactory owing to modest achievement. More successful was the innovative Efficient Lighting and Appliances Project (2010), where IBRD's $250 million loan was supplemented by a concessional $50 million Climate Trust Fund loan and a $7 million GEF grant.[13] The GEF also cofinanced a Sustainable Energy Technologies Development for Climate Change project (2015), to help with the adoption of Advanced Clean Energy technology; it suffers from slow disbursements.[14] The Ministry of Energy implemented a municipal energy efficiency loan (2016 and its most recent ISR rates its performance as satisfactory).[15] More highly valued than projects was the World Bank's convening support for energy-related policy forums. High-level events organized by the Ministry of Energy, the World Bank, and the IDB (Mexico City, 2010; Quintana Roo, 2014; Puebla, February 2016) hosted participants from across the region to discuss national policies supporting energy access and efficiency, renewables, and energy-efficient cities.[16] A World Bank assessment of energy subsidies impact used a computable general equilibrium model of the Mexican economy, to help show that reducing subsidies improved environmental conditions while promoting economic growth (May 2013).[17] Its substantial influence on cuts to fossil fuel subsidies was affirmed by many officials. Analytical work promoting the integration of urban and housing policies contributed to the government's efforts in that regard.[1]

TABLE 5.1 | Results in Green Growth Objective 1

Results Associated with World Bank Group Goals	World Bank Group Contribution to Results
Policies to Support Climate Change	
• Emissions reduction policy and monitoring frameworks across sectors (mitigation, adaptation, knowledge) • Improved interagency sectoral coordination and decentralized environment management • Sectoral targets and action plans for the environment (all sectors) • Estimation of energy subsidies and impacts on climate and environment • Establishment of clean energy funding mechanisms	• Adoption of climate change program and carbon trading system • Completion of emissions inventories at national level • Targeted strategies for emissions reduction across sectors • At the subnational level, 26 out of 32 states completed climate change action plans, 10 city action plans. These actions were underpinned by: World Bank analytic support through low-carbon development study by ESMAP (2009), study modeling costs of climate change and mitigation – Studies on impact of climate variability on welfare in different regions, poverty impacts of climate change – Regional green growth studies (for example, Michoacán, Yucatán), Municipal climate vulnerability index Rating: Satisfactory
Low-Carbon Development	
Transport • Regulatory framework, monitoring systems, and financing mechanisms for lower vehicle emissions • Improved bus system energy efficiency and increased Rapid Transit Infrastructure Energy Efficiency in Residential and Commercial uses • GHG emissions avoided or reduced in cities as well as rural areas and public facilities	• Policies adopted to monitor, reduce, and provide financing mechanisms for reducing emissions from transport • Mass transit system mainstreamed climate change in its planning framework • GEF support for less carbon-intensive transport along the Insurjentes Corridor; GEF Integrated Energy Services Project in rural areas was less successful • Environment considerations expanded to urban trains in connection with PROTRAM; energy efficiency program for rural residential and commercial use in in accordance with energy efficiency law of 2008. Disbursement delays through Banobras noted in the UTTP PROTRAM project, slow disbursement in adopting ACE technologies. IBRD support for municipal energy efficiency including policy development and institutional strengthening. Rating: Satisfactory to date. • IFC: mixed results with large cement company loan to promote energy efficiency, prepaid in full a year after disbursement. Rating: Moderately unsatisfactory • Knowledge: High-impact study on energy subsidies, economic growth and environment (2013); Convening support for energy forums Rating: Moderately Satisfactory.
Housing	
• Low-carbon intensive housing construction • Affordable housing (IFC)	• World Bank Access to Affordable housing (too early to tell) • IFC supported five projects. All but one collapsed. Even the successful one had an unclear level of commitment to "green" housing. Rating: Highly unsatisfactory

Source: Independent Evaluation Group.

Note: Green growth objective 1: -Comprehensive policy framework for climate change and the environment, and capacity for low-carbon urban development. ACE = Advanced Clean Energy; ESMAP = Energy Sector Management Assistance Program; GHG = greenhouse gas; PROTRAM = Federal Mass Transit Program; UTTP = Urban Transport Transformation Program.

Sustainable Management of Natural Resources

Active World Bank engagement in the largely community- and indigenous people–owned forest sector was reflected in successive policy notes underpinning its country strategies, its three Environment and several climate-related DPLs and a series of Community Forestry Program operations (all rated satisfactory by IEG), and significant knowledge work. The third Environmental Sustainability DPL (2008) supported the Comisión Nacional Forestal (National Forestry Commission; CONAFOR) expand community programs for sustainable forestry management and was reinforced with Carbon Fund and Climate Finance trust-funded activities (Forest Carbon Partnership Facility and Forest Investment Program).[19] Outcomes generally exceeded targets.[20] Sustainable forest management was also one of the policy areas in the MEDEC (México: Estudio sobre la Disminución de Emisiones de Carbono/Mexico: Study on Diminishing Carbon Emissions) Low-Carbon DPL (2010).[21] The Strengthening Social Resilience to Climate Change DPL (2012) supported interagency coordination in forest management and climate change; covered area exceeded targets.

The large Forests and Climate Change investment loan of 2012 (IBRD $350 million, $41 million in trust funds and grant support) likewise aimed to help rural communities in Mexico to sustainably manage their forests (including Reducing Emissions from Deforestation and Forest Degradation) while generating additional income from forest products and services.[22] The loan just closed (February 2018), and its ISRs have been rated satisfactory throughout; significant achievements were: (i) a 17 percent increase in hectares managed by communities and *ejidos* benefiting from sustainable management practices; (ii) a 67 percent increase in ejidos and communities benefiting from CONAFOR programs.[23] IFC's two projects for forestry ($10 million, 2012, and $37 million, 2017), are performing satisfactorily.[24] Supporting a domestic supply chain from eucalyptus plantations to Medium-Density Fibreboard and the reforestation of degraded areas, it offers increased domestic value-addition and reduced carbon emissions. In sum, the Bank Group successfully helped the government and CONAFOR to reduce deforestation and extend sustainable forest management through multiple instruments.

The World Bank, mainly through GEF projects, provided substantial support for globally significant biodiversity conservation in Mexico.[25] Since 2010, these projects have combined biodiversity protection with climate change adaptation, especially in vulnerable coastal landscapes. Project performance has been generally satisfactory, and World Bank support knowledge by the implementing agencies (the National Council of Protected Areas and the National Biodiversity Council). SINAP II (2002, $31.1 plus $17.1 from GEF) closed in 2010, bolstered by supplemental grants from GEF of $7.4 million and $5.4 million, bringing in three additional globally significant and threatened protected areas. IEG rated its outcome satisfactory. Another important operation was the Environmental Services Project (2003 to 2011, $45 million IBRD and $15 million GEF), designed to provide economic incentives to avoid deforestation in areas with severe water problems. IEG also rated it satisfactory.[26]

The World Bank assisted Mexico's water sector for urban water supply and sanitation, irrigation, and integrated water resource management; results were more mixed than for forests and biodiversity.[27] There were two particularly problematic investment operations: The Water Utilities Efficiency

Improvement Program ($100 million, 2010 to2016) and the Oaxaca Water and Sanitation Sector Modernization Project ($55 million, 2014). The first aimed to improve the efficiency of water utilities, but its design lacked mechanisms to channel funds toward larger impact across fewer utilities. It was also implemented in parallel with other government programs, leading to attribution challenges, and its outcome was rated moderately unsatisfactory. The Oaxaca project sought to improve water quality and strengthen the institutional framework but faced serious implementation difficulties and a recent ISR (May 2017) rates project performance as moderately unsatisfactory, primarily because of delays in the signing of a subsidiary loan agreement between Banobras (the intermediary for project resources) and because of political differences between the state and central governments, that now however appear settled. The limits on subnational borrowing and the annual budget cycle mandating the completion of contracts within a year have adversely affected World Bank lending for technical assistance and capacity building at subnational levels.

The World Bank's contributions toward overall water resource management has been more positive. The water sector was featured in the three programmatic environmental sustainability DPLs and in the Adaptation to Climate Change in the Water Sector DPL. The latter aimed to make the use of water more efficient and reduce pollution. Achievements were exceeded in terms of irrigation districts with modernized infrastructure, wastewater collection and treatment, and water operator efficiency. This part of the DPL was judged to have been satisfactory, and its efficacy was substantial. A collaborative technical assistance exercise for the Cutzamala River Basin (2015) developed a management plan for safeguarding a critical water supply source for both Mexico City and the Toluca metropolitan area, benefiting an estimated 5 million people.[28] A new World Bank–supported investment project based on this work, "Water Security and Resilience for the Valley of Mexico" is expecting Board approval by March 2018.[29] And a noteworthy World Bank knowledge product on performance-based budgeting in the water sector (Guanajuato, in 2008) was linked to a Decentralized Infrastructure investment project (closed 2009).[30] A multicountry policy research report on water resource management discussed Mexico's trade-offs between agricultural and urban water use.[31]

Other engagements in water and waste management were difficult. IEG's discussions with a representative of CONAGUA confirmed that overall, progress in the water sector had been poorer than anticipated.[32] Finally, IFC provided financing to a company for wastewater treatment plants totaling more than $30 million which were not successful.

The promotion of renewable energy and efficiency, especially wind and solar, together with energy efficiency, has been a focus of World Bank policy and World Bank–managed Carbon and Climate Fund investment interventions as well as of Environment adjustment loans and regulation of sulfur emissions. Under the Green Growth DPL, both an Energy Efficiency Law and a Renewable Energy Law came into effect (2008). The Low-Carbon Development DPL included development of co-generation and small-scale renewable energy, and reduction in gas flaring and venting. IEG observed that newly awarded co-generation permits exceeded targets, as did the increase in the combined capacity of grid-connected small-scale producers.[33] Two, instead of the expected one, Pemex projects complied with the new co-generation rules.[34] Analytic support contained some significant elements in addition to the low-carbon development study, and the Energy-Environment Review. It included the Clean Technology Fund and the IFC-supported La Mata-La Ventosa wind development program, to help the poorest parts of Oaxaca transition to a wind-powered low-carbon economy.[35] Most influential was the World Bank's work on gasoline subsidies and its decisive influence on energy sector reforms. Finally, the World Bank helped prepare a regulatory framework for carbon capture, use, and storage (CCUS) (2016).[36] IFC had mixed success despite many investments. Most successful was its early (2010, $71 million) loan to support the La Ventosa wind farm, supporting the purchase of energy under a 20-year fixed price power purchase agreement. [37] Other IFC projects were less successful. IFC undertook its first solar power generation investment in the region, as well as the first utility-scale photovoltaic project in Mexico, under the Small Producer ("Pequeño Productor") regulatory framework for private power projects, through a $25 million loan, also involving a power purchase agreement, which was prepaid. IFC's advisory services for clean energy via assistance to financial institutions met with limited success.

TABLE 5.2 | Results in Green Growth Objective 2

Results Associated with World Bank Group Goals	World Bank Group Contribution to Results
Forests	
• Improved forest management practices especially community and indigenous persons who manage most of forests • Increased forest area under sustainable management practices and conservation schemes	• Successful PROCYMAF community forest support, with Carbon Fund and Climate Finance trust funds • 17 percent increase in hectares managed by communities and ejidos benefiting from sustainable management practices; 67 percent increase in CONAFOR program beneficiary communities • 17 million hectares sustainable wood production certified through DPLs • Successful IFC support to a company for domestic supply chain of sustainable forest products Rating: Satisfactory
Biodiversity	
• Better conservation of Mexico's globally significant biodiversity • Improved coastal wetland management	• Support for identified globally significant protected areas (with GEF) • Conservation of coastal watersheds for biodiversity, and sustainable land use • Under Sustainable Production Systems and Biodiversity (P121116), enhanced biodiversity protection was extended to 60,000 hectares and share of sales of goods and services produced under biodiversity-friendly practices by 170 beneficiary producer organizations increased by 20 percent. Rating: Satisfactory
Water	

(continued)

TABLE 5.2 | Results in Green Growth Objective 2 *(continued)*

Results Associated with World Bank Group Goals	World Bank Group Contribution to Results
• Improved quality and extended sustainable provision of water and sanitation services • Increased and improved integrated water resource management and long-term planning	• The Water Utilities Efficiency Improvement Program project to implement efficiency in 81 water and sanitation service providers reducing leakages and tank rehabilitation; but design not optimized for impact • Oaxaca project to improve water quality and strengthen institutional framework impeded by on-lending delays and political issues • Integrated water resource management, expanded modern agriculture irrigation districts Rating for IFC wastewater treatment project: Highly unsatisfactory • Knowledge: Major collaborative technical assistance for Cutzamala River Basin; performance-based budgeting note Guanajuato, underpinning new loan under preparation; Multicountry research on trade-offs between agricultural and urban water use, in Mexico and elsewhere. Rating: Moderately unsatisfactory
Renewable Energy	
• Expand the generation and use of energy from renewable sources (solar, wind) • Increase energy efficiency, consistent with low-carbon growth.	• Approval and implementation of federal energy sector program to promote nonhydro energy • World Bank–supported policies for development of co-generation and small-scale renewable energy, gas flaring and venting reduction • Increased access to on- and off-grid energy technologies for small-scale agricultural producers • Wind—World Bank and Trust fund support to two wind projects: La Venta II, with the Carbon Fund, and La Venta III, through GEF • Solar—36 communities in eight provinces benefited; 1.85 MW expanded solar photovoltaic capacity • 600,000 tons of carbon dioxide equivalents overall avoided by 2012 • IFC: Successful loans for Power Purchase Agreement; syndicated loan to La Mata-La Ventosa. Advisory support to another company for energy efficiency and solar panel use • Several unsatisfactory projects in renewable energy and green urban development. Little private interest for AS for sustainable energy World Bank rating: Moderately satisfactory IFC rating: Unsatisfactory

Source: Independent Evaluation Group.

Note: GreenGrowth Objective 2: Improved Sustainable Management of Key Natural Resources: Forests, Biodiversity, Water, and Renewable Energy. CONAFOR = Comisión Nacional Forestal; DPL = development policy loan; GEF = Global Environment Facility; IFC = International Finance Corporation; MW = megawatts; PROSYMAF = Community Forestry Program.

Other Areas of Environment: Rural Development, Disaster Risk Management, and Tourism

In agriculture and rural development, the World Bank also emphasized environmental sustainability in its agricultural interventions. The Sustainable Rural Development Project ($100 million IBRD, $10 million GEF, 2009), expected to close in June 2018, has significantly contributed to the reduction of greenhouse gas (GHG) emissions through the adoption of sustainable energy technologies in agri-businesses. As of December 2017, it had reduced CO2e emissions by 5,100,000 tones. It also strengthened the capacity of the Ministry of Agriculture, Livestock Production, Rural Development, Fisheries, and Food to effectively address the agricultural sector's impact on climate change.[38] A December 2017 ISR rated project implementation moderately satisfactory; disbursement of the loan had only reached 71 percent.[39]The Third Environmental DPL included improved agricultural land management practices with conservation tillage in agricultural land.[40] World Bank loans for agriculture were reinforced by considerable analytic work.[41] Meanwhile IFC committed $92.5 million in six projects in the agriculture sector. Three loans, totaling $27 million (between 2008 and 2016), went to Bioparques, Mexico's largest tomato producer, to meet market demand for adherence to good international environmental and social—especially labor—practices, and the project had important impact on the migrant workers in a poor state.[42]

The World Bank gave significant attention to Mexico's natural disaster management policies and instruments in view of the country's increasing vulnerability to the effects of climate change.[43] The World Bank pointed out the costs of disasters at the municipal level, and lessons from Mexican innovations, such as the Fund for Natural Disasters.[44] But most innovative was the World Bank's contribution, with the assistance of its treasury department, to the issuance of multiperil multiregion catastrophic risk bond using the World Bank's MultiCat program, in 2009 and 2012.[45] With it, Mexico transferred a pool of disaster risk to the market; secured multiyear protection for the covered risks at a fixed price; and reduced potential pressure on public budgets. The demonstration effect of this transaction for other emerging market countries is significant.[46] Furthermore, the strategy is paying off: after the September 2017 earthquake, Mexico received a $150 million tranche under this facility.[47]

Overall Assessment

During the review period, Mexico made trend progress, albeit slowly, on many fronts in environmental management (figure 5.1). The World Bank accompanied Mexico on this path with many contributions, even if it was a small overall player, with relevant and substantially effective support. The mainly positive performance is a result of strong alignment between government and World Bank priorities, long-standing engagement and good client relations.[48] The World Bank leveraged, and at times scaled up, innovative pilots, often trust-funded. The DPLs helped advance policy and institutional reforms at the national and subnational levels during crisis. Quality ASA had research spinoffs to other World Bank clients (appendixes G and H) and there were positive geospatial dimensions to World Bank interventions (appendix I). World Bank performance under the inclusive and green growth pillar has been largely satisfactory across sectors and instruments, despite areas of poorer performance and more moderate results (that is, water supply and sanitation, support to the national meteorological agency) and other disappointments (failure to advance subnational water and waste

TABLE 5.3 | Results in Green Growth Objective 3

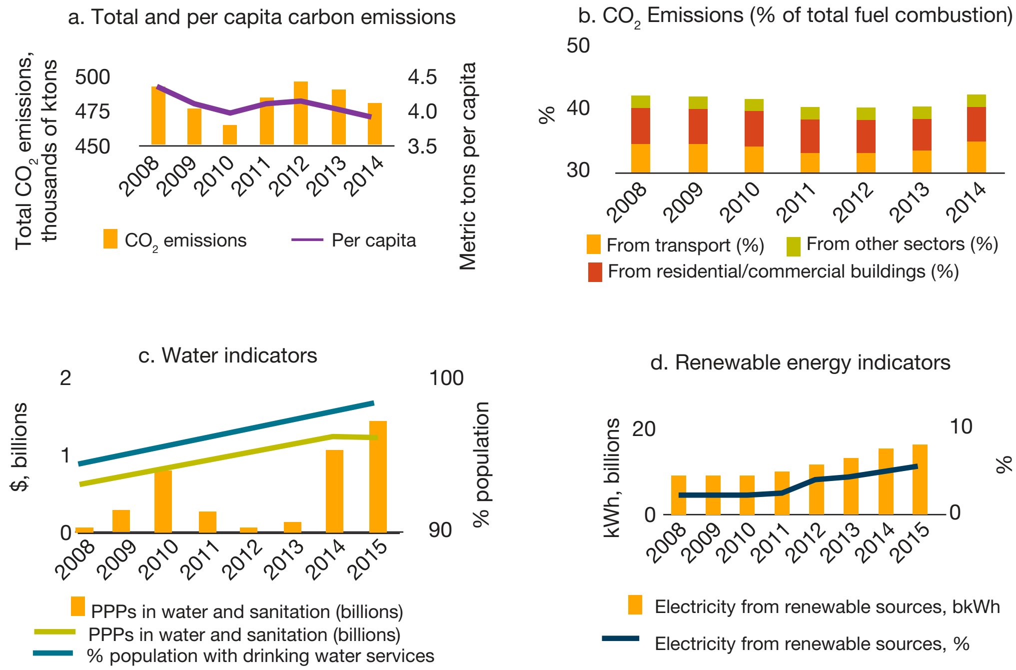
Results Associated with World Bank Group Goals	World Bank Group Contribution to Results
Agriculture	
• Adoption of environmentally sustainable technologies by small and medium-sized agribusinesses • Improved access to grain storage and information for agricultural producers in Mexico • Expanded access to finance for the rural economy • Increased competitiveness of environmentally sustainable products	• Significant progress with 1,885 of a targeted 2,168 small and medium-sized agribusinesses adopting environmentally sustainable energy technologies. • Many recent investment IBRD loans have not closed yet and it is too early to tell in terms of results. IFC support to agriculture has helped support improved environmental and social practices. • Approximately 5 million tons of CO2e reduced in agribusinesses through access to improved energy technologies. • 32 new business alliances with buyers for marketing of differentiated products have been established (P121116). Rating: Satisfactory / moderately satisfactory
Disaster Risk Management	
• Address natural disaster risks to which Mexico is prone	• MultiCat Bonds (2009 and 2012) and "capital at risk" catastrophe bonds (2017) programs. Example of result is the government receipt of $150 million under the latest bond program, following the September 7, 2017 earthquake. Lessons for other countries. Rating: Highly satisfactory
Tourism	
• Adoption and monitoring of environmental tourism action plans in 35 destinations • Adoption of environmental criteria by tourism enterprises.	• The government developed pilot Agenda 21 action plans in 14 tourist destinations, aiming to strengthen sustainable development of these areas and promote community participation. A set of benchmarks of good environmental performance was developed and implemented; and a process for certifying tourist facilities was launched. Rating: Satisfactory

Source: Independent Evaluation Group.

Note: Green growth objective 3: Agriculture, Resilience to Natural Disasters and Other Areas of Environmental Sustainability. CAT = catastrophic risk; CO_2e = carbon dioxide equivalent; IBRD = International Bank for Reconstruction and Development.

management) or slow disbursements, reflecting difficulties with state financial intermediaries.[49] IFC's results were mixed and overall deemed moderately unsatisfactory.[50] Bank Group results are moderately satisfactory.[51]

FIGURE 5.1 | Carbon Emissions, Water and Sanitation, and Renewable Energy 2008–14



Source: World Bank, World Development Indicators.

Note: bkWh = billion kilowatt hours; CO_2 = carbon dioxide; kWh = kilowatt hours; PPP = public-private partnership.

1 The concept of "green growth" itself first appeared in the World Bank's lexicon in November 2011 in a Policy Research Working Paper and was subsequently broadened under the label of "inclusive green growth" in a book issued in 2012. See Stéphane Hallegatte, Geoffrey Heal, Marianne Fay, and David Treguer, *From Growth to Green Growth,* Policy Research Working Paper No. 5872, World Bank, November 2011 and Stéphane Hallegatte, Marianne Fay, et. al., *Inclusive Green Growth: A Pathway to Sustainable Development,* World Bank, Washington DC, 2012. According to this latter publication, green growth could be defined as "economic growth which is environmentally sustainable; it aims to operationalize sustainable development by enabling developing countries to achieve robust growth without locking themselves into unsustainable patterns." The OECD (2011) Green Growth Strategy proposed that green growth meant "fostering economic growth and development while ensuring that natural assets continue to provide the resources and environmental services on which our well-being relies." It also affirmed that, to do this, green growth "must catalyze investments and innovation which will underpin sustained growth and give rise to new economic activities."

2 Mexico's National Development Plan for 2007–12, covering the administration of President Vicente Calderón had an overarching theme of "sustainable human development," with five pillars, one of which was "environmental sustainability." Its objectives and strategies, accordingly, were structured in areas such as water, forests, climate change, biodiversity, solid waste, and cross-cutting environmental sustainability policy instruments. Mexico prepared a comprehensive National Strategy on Climate Change, including estimates of greenhouse gas (GHG) emissions reduction and measures to adapt to the increasing impacts of climate change. Mexico's 2013–18 National Development Plan for the new Peña Nieto administration supported green growth under two of its five pillars; promoting prosperity (though inclusive green growth); and consolidating Mexico as a responsible international player. Mexico took a prominent role in international agreements and cooperation on global environment issues and was one of the first countries to enact a Climate Change Law as well as subsequent energy and fiscal reforms. It hosted

important international Conferences of the Party) meetings for both the United Nations Framework Convention on Climate Change (UNFCCC 2012) and the UN Convention on Biological Diversity (CBD 2016).

3 Mexico is an important contributor of global GHG emissions, being the twelfth largest source in the world and the second biggest in Latin America. Again, according to the *Little Green Data Book 2016,* just 9.4 percent of Mexico's energy generation comes from hydropower and 82.7 percent from the burning of fossil fuels (compared with 42.3 percent for the Latin America and the Caribbean region as a whole) and another 4.7 percent from biomass products and waste, contributing to a per capita Carbon Dioxide (CO_2) emissions of 3.9 metric tons, which is well above the regional average of 2.9. Emissions come mainly from the energy and transport sectors unlike the situation in other large countries in the region, such as Brazil and Peru, where they are due mainly to deforestation and other forms of land use change. At the same time, Mexico is one of the most vulnerable countries to the increasing impacts of climate change in Latin America, being particularly affected by increasingly frequent and severe extreme weather events, such as the heavy rainfall and flooding caused by tropical storms, including hurricanes, on both the Caribbean and Pacific coasts, droughts and wildfires, especially in the semiarid north-central region.

4 The CPS also referred to a proposed Water Sector Modernization Technical Assistance Loan, together with advisory work. At the time, the Mexico portfolio also included a soon-to-be completed decentralized multisector infrastructure project in the state of Guanajuato. Approved in June 2004 for a loan of $108 million to Banobras, the federal government bank for "public works and services," it closed in December 2009, and was rated moderately satisfactory by IEG's ICR Review (May 2011).

5 The IDB also loaned $1.0 billion in three policy-based loans for climate change over the crisis period.

6 See World Bank (2013) *Mexico Reform Agenda for Inclusive and Sustainable Growth.* The first note, *Reducing the Footprint of Growth,* emphasized the green transformation of urban areas, sound management of the "brown" environmental agenda, and the promotion of energy efficiency in housing, transport, urban infrastructure, and waste management. The second note, *Using Natural Resources in an Optimal Way,* urged a focus on natural resources management and pointed out the deleterious effects of climate change on the poor and indigenous: World Bank studies estimated that climate change could slow down the pace of poverty reduction by 2.4 percentage points by 2030, meaning an extra 2.9 million people would remain in poverty.

7 During the evaluation period, IFC committed about $369 million and 11 percent of its total commitments of $3.5 billion in projects intended to support green and inclusive growth in Mexico.

8 The launch of Mexico's environmental adjustment lending series preceded the review period, with two Environment Sustainability DPLs in 2002 and 2005 of around $200 million each. With the Energy Sector Management Assistance Program (ESMAP) study, and the crisis, these were followed by a Climate Change DPL in April 2008 (around $500 million) and a third Environmental Sustainability DPL, together with a supplement, in October and December 2008 amounting to some $700 m. These were rapidly followed by a DPL for green growth of $1.5 billion in October 2009, and a DPL for climate change and water of $250 million in June 2010 and a Low Carbon DPL in November 2010. Finally, the last DPL for this purpose in the review period for social resilience and climate change was approved for $300 million in March 2012.

9 See Todd M. Johnson, Claudio Alatorre, Zayra Romo, and Feng Liu, *Low Carbon Development for Mexico,* World Bank, Washington DC, December 14, 2009. Mexico, as the second highest GHG emitter in Latin America was one of six countries selected for an in-depth study. This study contained specific chapters on electric power, oil and gas, energy end-use, urban transport, agriculture, and forestry and presented a low-carbon scenario for Mexico as well as element of a low-carbon development program.

10 John Eriksson, IEG (2016): *Synthesis Report on World Bank Experience with Environmental Policy Lending in Mexico.*

11 On specific states, see Richard Damania, David George, Michael Peter Steen Jacobsen, Diego Juan Rodriguez, Ann Jeannette Glauber, and Yerania Sanchez Ramos, *Confronting a Changing Climate in Michoacán,* World Bank, January 2010 and recently, Ernesto Sanchez-Triana, Jack Ruitenbeek, Santiago Enriquez, Katharina Siegmann, John Pethick, Pasquale Scandizzo, Bjorn Larsen, and Elena Srukoa Golub, *United Mexican States: Green and Inclusive Growth in Yucatán Peninsula,* Report No. AUS6091, World Bank, Washington DC, May 30, 2016. For cross-region studies, see

Emanuel Skoufias, Katja Vinha, and Hector V. Conroy, *The Impacts of Climate Variability on Welfare in Mexico*, Policy Research Working Paper No. 5555, World Bank, February 2011, and Christian Borja-Vega and Alejandro de la Fuente, *Municipal Vulnerability to Climate Change in Mexico,* Policy Research Working Paper No. 6417, World Bank, April 2013. Poverty impact was traced through Alejandro de la Fuente and Marcelo Olivera Villarroel, *The Poverty Impact of Climate Change in Mexico,* Policy Research Working Paper No. 6461, World Bank, May 2013

[12] The Federal Mass Transit Program was established in 2009; the original Global Environment Facility (GEF) project focuses on the *Insurgentes* corridor and *Eje 4 Sur*.

[13] Underpinned by the ESMAP study and an Energy Efficiency Review (2009), it supported a transformational energy efficiency program for residential, commercial, and industrial use, together with energy-efficient domestic appliances, especially in low-income households. It also supported the Secretaría de Energía (Ministry of Energy; SENER) in the design and implementation of energy efficiency interventions in accordance with the Energy Efficiency Law of November 2008. IEG rated the project outcome satisfactory.

[14] $110.7 million, of which the GEF would finance 15 percent. According to its most recent Implementation Status and Results Report (ISR), the project's status was moderately satisfactory, due to slow disbursements so far at 7 percent.

[15] This is a $100 million investment by IBRD, approved in March 2016 and expected to close in October 2021. The satisfactory rating is from its most recent ISR. Also noteworthy, in 2016, IFC loaned $62 million to a building material company for energy efficiency. It was prepaid in full in 2017 and IFC hopes to support its climate change corporate strategies in 2018.

[16] See SENER, IDB, World Bank, *Final Report of the Energy Efficiency and Access Forum,* Mexico City and Washington DC, January 2012; and See SENER, World Bank Group, ESMAP, *Conferencia Internacional sobre Eficiencia Energetica en Ciudades/International Conference on Energy Efficiency in Cities, 17 y 18 de Febrero 2016.*

[17] World Bank, United Mexican States: Reducing Fuel Subsidies: Public Policy Options, Report No. ACS3784, Washington DC, May 2013.

[18] The analytical products produced as part of the Mexico Urban and Housing PA (147899) – the Urbanization Review and the Housing Finance and Policy RAS (P150380) promoted the integration between the urban and the housing sector main actors in Mexico (Secretaría de Desarrollo Agraria, Territorrial y Urbana and Comission Nacional de Vivienda) and informed Urban Fora across Mexican states and the Habitat III conference.

[19] Mexico has participated in the Forest Carbon Partnership Facility since 2010. Its Emissions Reduction proposals were accepted in 2016, triggering a Purchase Agreement (ERPA) under a payment for results scheme." Mexico's Reducing Emissions from Deforestation and Forest Degradation (REDD+) strategy is described in Ministry of Environment and Natural Resources and the National Forest Commission, *Visión de México Sobre REDD+: Hacia Una Estrategia Nacional,* Mexico City, November 2010: https://www.forestcarbonpartnership.org/mexico.

[20] Outcomes included (i) community forestry programs expanded to 22 states (target: 12 against a baseline of 6 states); (ii) approved sustainable forest management operations in 15 million hectares (target: 9.5 million hectares against baseline of 8.5 million hectares); and (iii) titleholders of 2.27 million hectares received payment for protection of critical watersheds (target of 1.8 million hectares against baseline of 0.7 million hectares).

[21] Prior actions included the coordination of a national REDD+ strategy, a key pillar of which is sustainable forest management, and coverage of 74 percent of the area envisaged for sustainable forests was achieved. It also included a working group for Reduced Emissions from Deforestation and forest Degradation, forest conservation and sustainable forest management.

[22] Including some $25 million from the Strategic Fund of the Forest Investment Program. The Forest Investment Program is a targeted program of the Climate Investment Funds to support forests and Mexico is one of eight pilot countries worldwide. Mexico's base allocation is $60 million (grant and concessional credits).

[23] Available at: https://www.forestcarbonpartnership.org/mexico; and Cubbage, Frederick W.; Davis, Robert R.; Rodriguez Paredes, Diana; Mollenhauer, Ramon; Kraus Elsin, Yoanna; Frey, Gregory E.; Gonzalez Hernandez, Ignacio

A.; Albarran Hurtado, Humberto; Salazar Cruz, Anita Mercedes; Chemor Salas, Diana Nacibe, *Community Forest Enterprises in Mexico*, op. cit.

[24] Listed on the Mexican Stock Exchange since 2010, Proteak is an existing IFC client and one of the largest forestry companies in Mexico. Its operations are in Nayarit, Chiapas, Veracruz and Tabasco, all frontier states.

[25] See appendix E for details of projects with a biodiversity focus.

[26] Also, the Adaptation to Climate Change Impacts on Coastal Wetlands project, financed by the GEF's Special Climate Change Fund (SCCF) (2010, $4.5 million) closed in 2016. It promoted adaptation to climate impacts in the Gulf of Mexico coastal wetlands. Despite a restructuring in October 2014, its outcome was moderately satisfactory according to IEG. Further GEF grants have been approved in this area and are still under implementation, including a Sustainable Production Systems and Biodiversity Project ($11.7 million, August 2012, expected to close in December 2018), and currently rated moderately satisfactory by its ISR due to slow disbursement. It is expected to mainstream sustainable production and biodiversity conservation practices especially among countries of the Mesoamerican Biological Corridor. Finally, an ongoing Coastal Wetlands Conservation in the Context of Climate Change project ($39.5 million, GEF) expected to close June 2019.

[27] The World Bank provided a $303 million loan for Irrigation Modernization (2003, closed in 2009), for more competitive irrigation provision, including through public-private partnerships. It was rated moderately satisfactory by IEG.

[28] CONAGUA, IMTA (Instituto Mexicano de Tecnología del Agua / Mexican Water Institute of Technology), UNAM (Universidad Nacional Autónoma de México / National Autonomous University of Mexico), and the Bank Group, *A Shared Vision for the Cutzamala System: A Model Basin in Water Management, CONAGUA and* World Bank, Coyocán, Mexico and Washington DC, May 2015. See also, CONAGUA and Grupo Banco Mundial, *Cutzamala: Diagostico Integral*, World Bank, Washington DC, July 2015.

[29] The Water Security and Resilience for the Valley of Mexico (RROSEGHIR) Project. To be financed by a $200 million IBRD loan.

[30] Gustavo Saltiel and Cledan Mandri-Perrott, *Output-Based Budgeting Disbursements in Mexico: Transforming the Water Sector in Guanajuato,* OBA (Output-Based Aid) Approaches, No. 20, September 2008.

[31] World Bank, *Creating an Integrated Water Resource Management System: Mexico's Water Resource Management Project,* Water Feature Stories, Issue 26, October 2008.

[32] Governance concerns also played a role in these areas. Additionally, there was a joint cancellation by the World Bank and the Secretaría de Hacienda y Crédito Público (Ministry of Finance) of a $105 million loan for a project designed to strengthen the National Meteorological Service (MOMET) (May 2012) due to implementation delays and corruption concerns around the procurement of computer equipment.

[33] According to the ICR Review, they rose from 59 in 2009 to 80 in 2012, exceeding the target of 70; increased from 25 MW photovoltaic (2009) to 36.1 MW photovoltaic in 2011, exceeding the target of 35 MW for 2012

[34] Meanwhile, World Bank supported GEF Carbon and Climate Fund operations included grants for the Large-Scale Renewable Energy Phase I and the Hybrid Solar Thermal Power Plant and continued with the Wind Umbrella (La Venta II) Project ($12.3 million for emissions reductions payments from the World Bank–managed Spanish Carbon Fund and BioCarbon Fund).

[35] World Bank, *Mexico—Wind Development Program: La Mata-La Ventosa,* Refine Case Study No, 38, August 2012 and Marcelino Madrigal and Rhonda Lenai Jordan, *Transmitting Renewable Energy to the Grid: The Case of Mexico,* Livewire: Knowledge Note for the Energy Practice, World Bank, February 2014, and World Bank, *Leveling the Field for Renewables: Mexico's New Policy Framework for Incorporating External Costs of Energy Generation*, Washington, DC, April 2014.

[36] World Bank, *Development of a Regulatory Framework for Carbon Capture, Utilization and Storage in Mexico,* Washington DC, Report No. AUS8579-1, June 21, 2016; An associated future $12 million technical assistance loan reflects the study's relevance.

[37] In 2013 and 2015 IFC also supported a wood processor to increase energy efficiency and solar panel use with the Cleaner Production Lending Facility; it was more successful and led to measures for safer, better production facilities.

[38] Although the project is national in scope, it was anticipated that most subprojects would be in states having relatively high concentrations of agricultural activity (for example, Jalisco, Coahuila, Durango, Chihuahua, Veracruz, Sonora, Guanajuato, Michoacán, Yucatán, and Nuevo Leon).

[39] In addition, the Grain Storage and Information for Agricultural Competitiveness project was approved in March 2017. This project aims to improve storage infrastructure and access to information for maize farmers to improve competitiveness and food security.

[40] The World Bank promoted an irrigation modernization through a blended (IBRD and GEF) sustainable rural development project. In the more recent period, the World Bank has supported rural finance ($400 million, November 2015), through a line of credit with participating private banks, together with a component for Financiera Nacional de Desarrollo Agropecuario, Rural, Forestal y Pesquero, the Rural Development Financial Agency, to modernize its core banking system and improve delivery. It self-rates its progress as satisfactory, though only 58 percent of the loan has been disbursed since the operation became effective (July 2016). The World Bank also approved a loan for Grain Storage and Information ($100 million April 2017), with an expected closing date in March 2022. A part of the Agricultural Risk Programmatic Approach, it was informed by collaborative analysis between the government and the FAO on benchmarking of storage systems.

[41] World Bank, *Agriculture and Rural Development Public Expenditure Review,* Report No. 519020MX, Washington DC, December 2009, and World Bank, *Integration of North American Markets for Sensitive Agricultural Commodities*, Rural Development Team, Latin America and the Caribbean Region, Washington DC, December 2007. Individual reports for Corn, Dry Beans, and Sugar were also issued—all at the request of the Secretaría de Hacienda y Crédito Público (Ministry of Finance).

[42] IFC investments in Bioparques have had a high development impact at the company level and have improved the living conditions of 3,500 migrant workers from poor frontier states.

[43] Its $400 million loan for Natural Disaster Management in December 2000 was rated highly unsatisfactory by IEG because it was largely unimplemented and just $22.8 million had been disbursed. The project was intended to support Mexico's FONDEN through activities for prevention, emergency postdisaster recovery, and institutional capacity building.

[44] Mexico's crop insurance programs for subsistence farmers, their use of weather and rainfall indexes, serve an audience beyond Mexico. See: Eduardo Rodriguez-Oreggia, Alejandro de la Fuente, Rodolfo de la Torre, and Hector A. Moreno, *Natural Disasters, Human Development, and Poverty at the Municipal Level in Mexico,* Journal of Development Studies, Vol. 49, No. 3, November 2012; DRFIP (The Regional Directorate of Public Finance), *FONDEN: Mexico's Natural Disaster Fund: An Evolving Inter-Institutional Fund for Post-Disaster Expenditures,* Disaster Risk Financing and Insurance Case Study, World Bank, January 2013; World Bank, *CADENA (*Componente Atención a Desastres Naturales en el Sector Agropecuario y Pesquero / Component for the Attention of Natural Disasters) *Catastrophe Insurance: A Social Safety Net for Small-Scale Farmers in Mexico,* October 2013; Alan Fuchs and Hendrick Wolff, *Drought and Retribution: Evidence from a Large-Scale Rainfall-Indexed Insurance Program in Mexico,* Policy Research Working Paper No. 7565, World Bank, February 2016; and Alain de Janvry, Alejandro del Valle, and Elizabeth Sadoulet, *Insuring Growth: The Impact of Disaster Funds on Economic Reconstruction in Mexico,* Policy Research Working Paper 7714, World Bank, Washington, DC.

[45] In 2006, Mexico became the first sovereign to issue catastrophe bonds.

[46] See World Bank, *Insuring Against Natural Disaster Risk in Mexico*, Treasury Case Study, August 2016. The World Bank acted as arranger, supporting the preparation of the legal and operational framework, and selected service providers.

In 2017, IBRD partnered with FONDEN to issue the latest three series of catastrophe-linked Capital at Risk notes for $290 million, providing parametric insurance protection against losses from earthquakes and named storms. More information at http://www.artemis.bm/deal_directory/ibrd-fonden-2017/; and http://www.worldbank.org/en/news/press-release/2017/08/04/bonos-del-banco-mundial-proporcionaran-a-mexico-us360-millones-en-proteccion-ante-catastrofes

[47] See: http://www.artemis.bm/blog/2017/10/11/mexico-confirms-150m-cat-bond-payout-for-quake/

[48] In particular, priorities with respect to climate change mitigation and adaptation, energy sector reform, and the needs to address increasing water scarcity in rural areas and strengthen natural disaster risk management

[49] World Bank–supported operations in the energy sector (renewables and efficiency), forestry, biodiversity and (urban) transport sectors have had mostly positive outcomes or are being implemented successfully; expected project outcomes have been largely achieved. Borrower and implementing agency firm commitments, use of GEF and of concessional Carbon and Climate Fund resources contributed significantly to outcomes, as have the many high-quality analytical work underpinning World Bank interventions. Mexico has also been supporting the EDGE certification via the City Express hotel chain and homebuilder Vinte, along with more than 22 certifications in process.

[50] Although IFC achieved positive results and impact in its forestry and climate change projects, the highly and simply unsatisfactory performance of several projects in green urban development, renewable energy, and water efficiency bring the rating down.

[51] The IBRD green growth agenda in the future could focus on several areas. First, the World Bank should help the government develop a more comprehensive strategy for green urban development, especially, waste management and urban air pollution. Second, in rural areas, the World Bank could step up efforts to address increasing water scarcity, an emerging, vital national development constraint. Third, in collaboration with the federal government, the World Bank should help formulate an explicit strategy to assist the southern lower-income states. Fourth, knowledge work has effectively furthered subnational engagement but constraints on lending are significant and systematic issues need to be reviewed. Fifth, the World Bank should proactively follow up on recent collaborative knowledge products (for example, Cutzamala and Yucatán) to, develop parallels in the lower-income, biodiversity-rich southern states, the vulnerable the Gulf and Pacific coasts, and the drought prone center and north. IFC's choice of intervention areas was sound (renewable energy, wastewater plant), but design could be strengthened to increase the likelihood of success. A more strategic, less opportunistic approach would be beneficial. Systematic IFC communication with the World Bank, especially regarding government policy changes (for example, away from "urban crawl") would help strategic choices. Finally, IFC could improve credibility by utilizing its Green Edge Certification.

6

Conclusions, Lessons, and Recommendations

World Bank Group Achievements in Mexico

OVERALL OUTCOMES have been satisfactory in many areas, with some outstanding successes, notably in policy dialogue, together with areas of limited success in certain IFC and World Bank programs. IBRD projects were rated largely positively by IEG, though IFC projects have variable, and often less than satisfactory outcomes, based on the CPE evaluation as well as IEG's Expanded Project Supervision Report ratings. As agreed with the government, the World Bank was not directly engaged in some areas of developmental constraints (for example, corruption and crime and violence). Difficulties of attribution to the Bank Group are compounded by extensive knowledge work, where there is no agreed evaluative framework (and therefore a tailored approach was designed by IEG—appendix G) and by the relatively small size of the Bank Group in Mexico's economy.

Raising Productivity

World Bank contributions toward the government's program on competitiveness, innovation, and ICT have been broadly positive, with the rollout of the subnational joint World Bank–IFC Doing Business to all states and client capacity building to sustain the use of this tool. Support to the IT sector has been highly positive, helping Mexico develop the second-largest technology industry in Latin America. In the SEZ sphere, the World Bank had significant inputs at all stages and levels, providing a means to bridge the persistent regional development gap. However, on innovation, early results were positive but did not lead to program rollout. Similarly, the outcomes of support to the national SME agency are not yet evident, and outcomes of the Bank Group's program in telecommunications are too early to measure. Trade policy ceased to be a priority for Mexico or the World Bank, and World Bank support ceased, though IFC continued to positively support trade logistics with its successful investments in ports.

In the financial sector, the World Bank's series of FSAPs contributed significantly to the stability agenda and sound financial regulation. Improvements in prudential oversight, bankruptcy regulation, and other areas were reflected in the 2014 financial reform regulation. On broadening and deepening of the financial system, the World Bank played a significant role in the consolidation of Mexico's network of rural savings and credit institutions through its series of Bansefi projects, which inter alia included efforts to support women and to monitor such achievements.[1] IFC has engaged successfully with many microfinance institutions, though less successfully with institutions targeting an SME clientele. Bank Group fee-based advice to SHF could not be implemented and many IFC investments in Sofoles failed. The World Bank's contributions to the development of the MultiCat bond were highly significant although other capital markets instruments met with limited follow-up despite good analysis. Results, in offtake of financial infrastructure and consumer financial protection analyses, have also been mixed.

Overall results for this pillar are moderately satisfactory.

Increasing Social Prosperity

The World Bank's program in human development areas had positive results in the evaluation period, also contributing to Mexico's progress in some key social deprivation indicators. The World Bank's support during the global crisis, based on considerable previous technical assistance, focused on two well-established government programs with significant, positive impact on the poor (Seguro Popular, and Oportunidades). In health, the World Bank's governance and anticorruption measures limited its ability to financially support the response to epidemic waves; however, its technical assistance was nevertheless valued. And although only a small investment of $2.2 million, IFC's equity stake in Sala Uno was a positive investment in the health sector, with a strong focus on rural and low-income people, though its three loans for hospitals were not successful. Even though the World Bank has not had lending in the health sector since 2010, it remains engaged in some key policy issues for the sector. On education, the World Bank has worked at all levels through lending to support programs and reforms that seek to enhance access, equity and quality of education services to the poor and improve learning outcomes. Results in learning outcomes are few but promising. Better results have been achieved on improving access to disadvantaged populations and internal efficiency indicators such as progression and dropout rates. The most innovative aspect is the use of impact evaluation of SBM models.[2] And the World Bank helped the government to strengthen its social protection system both to be able to effectively and efficiently address socioeconomic risks in different situations (normal times and crisis) and promote resilience, equity, and opportunity is the core of all World Bank work in social protection.

Overall results for this pillar are satisfactory.

Strengthening Public Finance and Governance

The Bank Group's program on public finance has so far been strong in contributing to Mexico's countercyclical fiscal management needs; the country weathered the global crisis well in part thanks to quick policy and financing response from the World Bank, which helped mobilize substantial direct and contingent international financing, as well as advisory support on the creation of fiscal space. Crisis engagement strengthened trust with the client government and set the stage for broader later engagements on tax reform and public expenditures. The World Bank also supported Mexico's medium-term structural reforms in public finance: notably, increasing non-oil revenues, improving tax structure, and helping eliminate fuel subsidies, promoting results-based budgeting, and strengthening public expenditure management. The World Bank contributed through the construction of scenarios and preparation of just-in-time notes to the government to assess strategic policy options, PER policy dialogue, and support to major, successful tax reform. It also contributed to macro-fiscal and debt management at subnational levels, including the fiscal responsibility legislation and institutional strengthening. The design and results of the Mexican tax reform have since been studied abroad and have informed tax reform efforts elsewhere, notably in China. At the subnational level, the World Bank is one of the few and sometimes the only large and influential purveyor of development knowledge, technical assistance, and capacity building to subnational governments with limited capacity and massive development needs. World Bank engagement has been especially significant, as officials of the state of Oaxaca affirmed to IEG. However, the World Bank's effectiveness and range of activities are constrained by limited capacity, perceptions of corruption, and the political cycle and uncertainty, especially with political turnover at subnational levels every 1–3 years.

Overall results for this pillar are satisfactory.

Promoting Green and Inclusive Growth

World Bank performance under the inclusive and green growth pillar has been largely satisfactory. The government and the World Bank constructively used DPLs to advance needed policy and institutional reforms, at the national and subnational levels, finding opportunity in the unexpected 2008 financial crisis. During the period, World Bank–supported operations in the energy sector (renewables and efficiency), forestry, biodiversity, and (urban) transport sectors have had mostly positive outcomes or are being implemented successfully; expected project outcomes have been largely achieved. Borrower and implementing agency firm commitments, and the use of GEF and of concessional Carbon and Climate Fund resources contributed significantly to outcomes, as have the high-quality analytical work underpinning World Bank interventions. Nevertheless, there have been areas of poorer performance and more moderate results (that is, water supply and sanitation, support to the national meteorological agency) and other disappointments (failure to advance subnational water and waste management) or slow disbursements, some of which were caused by frequent difficulties with state financial intermediaries. The mainly positive performance is explained in part by strong alignment between government and World Bank priorities and the World Bank's long-standing engagement and client relations.

IFC's results were mixed and overall deemed moderately unsatisfactory. Although IFC achieved positive results and impact in its forestry and climate change projects, the highly unsatisfactory performance of several projects in support of green urban development, renewable energy, and water efficiency bring the overall rating down.

Overall results for this pillar are moderately satisfactory.

Overarching Contributions

Identifying Mexico's Binding Development Constraints and Promoting Sound Policy Choices

Although Mexico has been aware of its binding development constraints in most sector areas, the World Bank went a step further in helping itevaluate policy options to address these constraints—in terms of costs and benefits, trade-offs, and choices—together with information on best practice elsewhere. This was evident in several sectors, for example in the World Bank's work on tax reforms, non-oil revenues and energy subsidy phaseout, its PER, subnational debt management, its work on SEZs and ICT development, in its support for an environmental blueprint, in the impact evaluations of education policies and in the evaluation of social security obligations compared with revenue mobilization, to name but a few.

Binding constraints to Mexico's development, including relatively low growth and governance issues, however, continue to be the focus of ongoing national policy debates; the World Bank has only provided partial insights and interventions in this arena. Field discussions indicate that the World Bank is a respected and trusted partner to the government and to other stakeholders and that greater World Bank presence and participation in the national policy debate would be beneficial not only for contributing to the debate and policy directions but also to the World Bank's own program and its contributions to Mexico's development objectives.

Reducing Poverty, Sharing Prosperity, and Promoting Inclusive Growth

Regarding promoting shared prosperity and inclusive growth, many elements in the Bank Group's productivity agenda targeted subnational levels, poor states, and frontier regions (appendix I). The SEZ agenda specifically targeted such regions. IFC's Doing Business support specifically assisted the state of Guerrero, and a new rollout with Oaxaca is under way. IFC's investments for competitive industries included Etileno, a greenfield petrochemical plant in the frontier state of Veracruz, and the rollout of the Red Compartida is likely to particularly benefit remote and underserved regions. The World Bank's long engagement with Bansefi aimed at expanding safe financial services to the remote areas where a large part of Mexico's poor live; its nationwide survey of financial services for Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros (the National Commission for the Protection and Defense of Financial Services Users) also aimed at bringing services to all parts of the country. Inputs to the impact evaluation of Mujeres Moviendo México provide critical information on the effectiveness of a sizable female entrepreneur support program.

Although Mexico's multidimensional poverty headcount index remained stagnant, the World Bank helped reduce social deprivation, especially for vulnerable groups and indigenous populations, through its human development programs. In lagging regions, World Bank assistance in human development largely supported well-established national programs without explicit focus in particular states, though always targeting interventions to reach the most vulnerable. All individuals in the lowest deciles without contributory social security systems were affiliated with Seguro Popular. World Bank assistance to the twin goals was also evident in education, via increased access to basic education and students in marginalized areas, through strengthened SBM and CCTs. World

Bank assistance in upper secondary education also helped improve retention rates of the bottom 40 percent. In social protection, World Bank support to the CCT program, Oportunidades/Prospera boosted human capital formation among the poor. World Bank support helped the government to protect key poverty groups against the impacts of the 2008 global economic crisis. Although World Bank assistance in human development did not have a predominant gender-specific focus (especially in education), there were exceptions in the design of assistance to Seguro Popular and Oportunidades/Prospera, in the Basic Health Care Project III. Gender was also a component in a few other select World Bank projects (judicial modernization, rural savings and loans). Interestingly the World Bank's early success with an innovative gender certification project in Mexico, mainstreamed by the government in the early years of the evaluation period, has been replicated by the World Bank in other countries, including the Arab Republic of Egypt, and Argentina.[3]

World Bank contribution to the twin goals in public finance have been largely indirect, via promoting macroeconomic stability and countercyclical response, increasing government revenues, and strengthening tax and public expenditure policies. With respect to lagging regions, the World Bank had a presence in some of the poorest states, for example, the state of Oaxaca, even though targeting the poorest states per se was not an objective of the World Bank program. Early results of a geospatial analysis of World Bank interventions across states suggest that the World Bank has been present in states and regions where the bottom 40 percent live, especially when extensive knowledge AAA interventions at subnational level are considered (appendix H).

Although there was no explicit strategy for the reduction of income or spatial disparities in the green growth pillar, many World Bank operations, such as those for community forest management, environmental degradation, coastal management, water management, or the wind farms established in the south, benefited poor rural communities, including ejidos and indigenous peoples. Moreover, disaster risk prevention and agricultural insurance mechanisms such as the MultiCat program especially benefit the poor and those in vulnerable regions. State-specific investment operations such as the Oaxaca Water and Sanitation Modernization Project, the Community Forestry project, and the Climate Change Project focused significantly on poorer states, especially Guerrero and Oaxaca.[4] Other interventions were nationwide in scope, or seemingly focused on better off regions, such as the support for the Insurgentes transport corridor in Mexico City, the much larger national Urban Transport Transformation Program, and water resource management technical assistance and related infrastructure investments in the Valley of Mexico, but the poorer segments in these areas are expected to benefit.

Leveraging World Bank Group Lending, Knowledge, and Convening Power

The World Bank's assistance progressively shifted toward more intensive delivery of advisory services relative to lending, where its access to frontier knowledge across countries has been key to the traction it gained from the Mexican government, as evidenced from the large number of fee-for-service activities commissioned by the government. Overall, World Bank knowledge products were of high quality (for example, PER) and contributed substantively to government programs in many areas (see IEG analysis in appendix G). Many had spillover benefits to a wider audience, including other Bank Group clients (appendix H). The knowledge role of the World Bank has been highly valued. In education, the World

Bank's assistance in evaluating programs has helped make a "go" or "no-go" decision regarding specific programs. In public finance, it helped increase non-oil revenues, improve the buoyancy of government revenues, and strengthen subnational debt management. The programmatic approaches to knowledge used by the World Bank operated with a great deal of flexibility and allowed staff to respond and adjust quickly to government demands. However, although this flexibility enabled the World Bank to add and drop activities around broad pillars or topics, this was sometimes at the expense of a more strategic vision, as evidenced in both the health sector and in the financial sector. RASs were mostly, even if not invariably, highly appreciated for their technical content; they do not seem to have precluded the World Bank from being able to have a higher-level seat at the policy table. Some RASs, however, were not shared even among World Bank staff, which limits their contributions to overall World Bank knowledge.[5]

World Bank technical assistance underpinned lending significantly, especially in the first CPS period, when it enabled the rapid response during the crisis. The World Bank's support to Mexico exploited several synergies across projects, instruments, and sectors. For instance, financial support for the CCT program built on the World Bank's history of technical cooperation with SEDESOL and, more generally, on evaluation and monitoring, poverty diagnostics, and social protection strategy. The World Bank relied on complementary programmatic resources and NLTA to support key elements of the design of Oportunidades design. In the green growth area, with strong support from Secretaría de Hacienda y Crédito Público (Ministry of Finance), the World Bank helped the Secretaría de Medio Ambiente y Recursos Naturales (Ministry of Environment and Natural Resources) and its dependencies (the National Biodiversity Council, CONAFOR, CONAGUA, and the National Institute of Ecology and Climate Change) gain "voice" in defining national sustainable development priorities and budget allocations. World Bank analytics underpinned new development policy and investment lending operations; for example, the low-carbon development study, water supply and sanitation in Oaxaca, and for the Cutzamala River Basin collaborative technical assistance.

Developing a knowledge base for other Bank Group member countries

Finally, regarding contributions to the Bank Group's knowledge base, there is evidence both from the feedback received from IEG during the mission, as well as IEG's independent analysis of the outreach of the World Bank's work on Mexico (appendix H). Both suggest that World Bank work in Mexico has considerable externalities not only to the other World Bank clients but also beyond the Bank Group, though it is only possible to partially calibrate this relative to other countries, which suggests Mexico was not unique.[6] World Bank documents on Mexico have been downloaded between 300 and 600 times each on average, depending on sector and type, and downloads of certain popular publications may triple these numbers. Although around 60 percent are downloaded in the United States, and 14 percent in Mexico, a third are downloaded in other countries.7 The analysis in appendix H also reveals that tracking systems for knowledge outreach, in the Mexico Country Management Unit and even at a World Bank–wide level, are very limited, and that information on the costs of these activities is particularly inadequate.

Some program elements stand out in each pillar as being noteworthy examples of innovative knowledge contributions. The subnational Doing Business and subnational competition assessment methodologies piloted in Mexico provided lessons for replication elsewhere, together with the support to Mexico's bold ICT reforms and select aspects of the SEZ program.[8] Elements of the World Bank's financial sector work were also outstanding in innovation, notably the global catastrophe risk modeling technical assistance, which helped the launching of the World Bank's MultiCat program in October 2009. The Human Development program in Mexico included major "public goods" or "externalities," most extensively in social protection. Its impact evaluations of school management were highly original. The positive findings and lessons of the conditional transfer Oportunidades/Prospera CCT programs, where the World Bank also learned from Mexico, were highly influential. CCTs now have been implemented in more than 70 countries.[9]

Mexico's successful tax reforms have informed revenue reform efforts in China. Its work on indirect taxation of the sugar sector was recently influential in the Philippines. The World Bank facilitated intensive international knowledge sharing between experts from Oaxaca and Jalisco with Argentina, Chile, Honduras, and Peru (Oaxaca, Gobierno del Estado y Banco Mundial. 2017). Finally, in the green growth pillar, Mexico has been a leader among developing countries—and some industrialized countries—with respect to climate change mitigation and adaptation policies and actions.[10], [11]

In select areas, the World Bank collaborated intensively with external partners—with the IDB, for example in the Oportunidades/Prospera program. Moreover, the World Bank has also carved up some areas in terms of comparative advantage, thus leaving labor market analysis, in competitiveness, largely to the IDB. The green growth area illustrates extensive use of trust funds, as well as partnerships with aid agencies in the United Kingdom and Spain, in addition to the IDB. One area where the Mexico program could improve is in broader engagement and partnerships with leading Mexican think tanks, academics, and civil society. These have the potential to leverage the World Bank's considerable knowledge toward wider dissemination, outreach, and, therefore, impact.

Overall Assessment

The overall assessment relies on both the pillar ratings and the evidence on how the program performed under the areas covered by the overarching questions. Although the former places the program between moderately satisfactory and satisfactory (taking into account both IBRD and IFC), the latter tilts the overall assessment toward satisfactory, based on relatively strong contributions by the Bank Group to identify binding development constraints at sector levels, orient the program toward reducing poverty and improving shared prosperity, and on the contributions of the Bank Group Mexico program to the knowledge base of the Bank Group in ways that may also inform its contributions to other clients. The overall outcome of Bank Group support to Mexico over the review period is therefore judged to be *satisfactory.*

Lessons for Mexico and Other MICs

Beyond the lessons already extracted for specific pillars of analyses, overarching messages emerge from the Mexico program, many of which are also relevant for other World Bank clients, especially other MICs and upper-middle-income countries.

Providing Policy Guidance and Exercising Convening Power

The Bank Group should continue to be active in national policy dialogue and innovative investments, helping the government in identifying and addressing binding constraints to growth, poverty reduction, and shared prosperity, through its analytical work and convening power and in line with the World Bank's twin goals. Based on the present findings, the Bank Group partnership framework with Mexico and other MICs could be cognizant of the potential for such engagement to contribute to innovations in development, identifying benefits from innovation as well as lessons from less successful engagements.

Balancing Detailed Strategy with Flexibility

Flexibility in the World Bank's engagement was critical to rapidly reprioritize and scale up in a changing environment in Mexico. This will be important in World Bank engagement in all MICs, as their traditional financing needs diminish and the World Bank takes on the role of an exceptional lender at critical times, in addition to targeting specific areas aligned with the World Bank's own twin goals in core lending. As in Mexico, the World Bank can use exceptional lending to catalyze progress in areas of agreed common priority. The World Bank's adroit shift from high-volume crisis lending to a knowledge-based client strategy, and the inbuilt flexibility in its country strategies that permitted this, could hold lessons for other MIC countries in similar transitions.

Deepening Subnational Engagement in Lagging Regions

Although the World Bank can valuably accompany reform at the federal level, its greatest contributions in Mexico and other MICs will arise at the subnational level, because of widespread differences in regional needs and human development levels. Even if high-income status approaches, and Mexico accelerates growth, more emphasis on the subnational level in lagging regions would dovetail well with the World Bank's twin goals strategy, though many challenges would still require universal rather than targeted approaches (the human development area is an example). However, difficulties faced in implementing subnational lending engagements can be a major challenge, compounded in the case of Mexico by its institutional constraints on external lending, subnational debt, and complex center-state fiscal arrangements. Currently, though subnational lending has sometimes encountered roadblocks, the Bank Group has successfully engaged at the subnational level through advisory work.[12] It would be valuable for the World Bank to adopt an explicit strategic approach for subnational engagements, taking advantage of its multiple instruments, given the importance of this agenda for Mexico. In this regard, IFC must be credited with a strong frontier-state focus.

Leveraging Knowledge and Partnerships

Mexico clearly demonstrates the importance of analytical work in MICs with complex needs for highly specialized technical guidance, and the role of the Bank Group as a convenor of such knowledge and innovation, both within and outside Mexico. It is critical to maintain analytical skills, including for IFC, while allowing for experimentation and innovation, and developing the tools to track its outreach and outcomes. Although some of the most effective engagements were in knowledge and convening power and promotion of South-South learning, currently the World Bank is ill equipped to evaluate or to systematically track outreach. Equally, there is a need for strengthened monitoring and evaluation tools for ASA. Although programmatic ASA has the capacity to respond swiftly to government requests, maintaining strategic selectivity, even in fee-for-service, is critical. In the same vein, the World Bank should try to ensure the availability of its RAS outputs at least to World Bank staff, to build its own global knowledge base and rise above the role of private consultancy service. A critical mass of World Bank–funded strategic knowledge is important to inform its policy and its program, especially in unforeseen circumstances.[13]

Maximizing Impactful Private Finance

Crowding in private finance for development, especially in the poorest regions, is a challenge the World Bank, IFC, and MIGA should take on explicitly—and together. IFC's engagement in housing construction and finance showed that greater awareness of government policy could better guide IFC investments. IFC's choice of intervention areas was sound; however, its choice of intervention design could be strengthened, due diligence and ongoing oversight could be improved, and risk concentration could be limited, to increase the likelihood of success. Although its focus on frontier states is commendable, IFC's footprint could be increased with further strategic private partnerships, as its successful syndications have shown. IFC could also try to simplify lending requirements in terms of fee structure, insurance requirements, security, and environment and social guidelines, and IFC could also educate more clients in its Green Edge Tool certification.[14]

Recommendations

This evaluation has identified certain areas where there is room for enhancing the Bank Group's contributions to addressing Mexico's development challenges. First, although the World Bank has generally been at the forefront of the policy debate in key areas of engagements, contributing with lending and knowledge services, its presence at the national policy debate level could have been greater. In the absence of clear consensus on the binding constraints to development in Mexico, the World Bank perhaps could have more actively participated in that national debate and used it to leverage its program and contributions. Field consultations indicate that the Bank Group is a widely respected and trusted partner, and that there is demand for its participation in national policy debates not only by the government but also by other stakeholders. Second, at the outset of the period, the global crisis changed the engagement context and the World Bank was able to respond flexibly to the clients' changing needs. IFC, though itself negatively affected given the direct impact of the crisis on some of its investment, particularly in housing finance, found new, if opportunistic, platforms for support. Although the Bank Group's response was swift and appropriate, perhaps planning for such unforeseen scenarios in the future is in order. Third, the Bank Group program has increasingly targeted subnational government in states where development challenges are the greatest. It seems important to deepen and broaden those engagements based on the experience and results so far. Fourth, although extensive RASs are generally of high quality and appreciated by the client, strategic coherence but curation of that knowledge within the World Bank could be improved. And fifth, given existing constraints on the volume of its financial contributions to Mexico, the Bank Group will need to actively seek synergies across agencies and leverage its interventions to crowd in other sources of private and official finance for greater development impact, including through IFC.

These findings and considerations lead to the following recommendations for the Bank Group program in Mexico, as it engages the new government expected to take office in December 2018.

Recommendation 1. Ensure the presence of the Bank Group in national policy dialogue, especially in areas that represent binding constraints to Mexico's development, by explicitly building such areas into the Bank Group's program of engagement based on prior analysis.

Recommendation 2. Incorporate flexibility through the explicit adoption of CPS scenarios for exceptional times, adapting to country circumstances while prioritizing the Bank Group's twin development goals.

Recommendation 3. Strengthen subnational engagements in lagging regions with high incidences of poverty, inequality, and constrained social inclusion, and increase attention to gender and indigenous groups.

Recommendation 4. Strengthen knowledge management and effectiveness by ensuring (i) the strategic coherence of programmatic approaches; (ii) the sharing of RAS outputs with World Bank staff and, potentially, a broader public; and (iii) developing a systematic approach to tracking knowledge outputs, outreach, costs, and funding.

Recommendation 5. Develop a program of engagement that maximizes effective private finance for development by leveraging Bank Group synergies and crowding in other private financing sources through more explicit complementary program areas between IBRD and IFC, and more efforts by IFC to crowd in private finance.

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[1] The Bansefi projects included efforts to target at least 30 percent of lending for women and a midterm review, cited in the 2017 PLR, suggested results had been surpassed and were reaching as much as 60 percent. Strategies included home visits and agreements with agencies and/or programs that specialize in assisting women; in the poorest states of Chiapas, Oaxaca, and Guerrero the state institutes for women also played a critical role promoting women's participation.

[2] The World Bank could play a role helping the Government to rethink the role of CONAFE schools.

[3] The first ever free-standing gender project in the World Bank was in Mexico; the Gender Equity Learning and Innovation Loan approved in 2000 for $3.3 million and completed in 2005. Under the project a gender equity certification process called as MEG *(Modelo de Equidad Genero)* 2003 for the private sector was successfully established. In 2005, the MEG was incorporated as a regular federal public sector program yearly executed by INMUJERES (Women National Institute). By 2009, the number of certified firms and institutions reached 259 and expanded from 4 to 23 states and the Federal District. Participating firms organized networks to exchange experiences and extended the process to branches and subsidiaries in other countries. The World Bank has replicated successfully this model in the Arab Republic of Egypt and Argentina and is currently conducting an impact evaluation of the MEG 2003. Initial results indicate that the MEG continues to be a successful program with a low rate of desertion and continued growth.

[4] Interventions under the two Community Forestry Program (PROCYMAF) operations were concentrated in the states of Durango, Guerrero, Jalisco, Michoacán, Oaxaca, and Quintana Roo. As noted above both Michoacán and Quintana Roo (in the Yucatán Peninsula) together with Campeche and Yucatán, were also the beneficiaries of World Bank analytical support—see the World Bank publication *Confronting a Changing Climate in Michoacán,* issued in January 2010, and Green and Inclusive Growth in the Yucatán Peninsula, released in April 2016.

[5] See analysis in appendix G to the present evaluation.

[6] An examination of the use of the South-South Trust Fund showed that Brazil engaged significantly more in South-South engagements and Colombia at least as much.

[7] A large proportion of downloads of World Bank documents are by non-World Bank audiences. Publications originate largely from the global practices but also from DEC and other areas of the World Bank and are heterogeneous by sector. And through its South-South Knowledge Exchanges, Mexico is a major source of knowledge services, especially within the Latin America and the Caribbean region, though it also participates in and benefits from multilateral exchanges.

[8] The outreach of such work to other countries is noted in appendix H to this evaluation.

[9] The program has had over 70 external evaluations since its inception in 1997. Many of these are very well summarized in a recent paper by Parker and Todd (2017).

[10] Such as with its Nationally Appropriate Mitigation Actions and its use of market-based pollution control instruments, such as its carbon tax.

[11] World Bank–partnered programs for weather-indexed agricultural crop insurance stand out, together with the Energy Sector Management Assistance Program studies, the Agriculture PER, the Energy efficiency review, and, recently carbon capture, storage, and use and food waste.

[12] Lending through the financial intermediary Banobras has been a challenge; yet this agency plays a valuable gatekeeper role in terms of subnational debt. Where subnational lending has proven a roadblock, the Bank Group has successfully, and increasingly, engaged at the subnational level through its knowledge and advisory work.

[13] The Mexico program illustrates the importance of partnerships in large MICs with a substantial and complex agenda, where the Bank Group can at best of limited significance without leverage. At the same time, there is scope for the World Bank to increase its interactions with local partners with which it shares development objectives to leverage its outreach, learning, and influence.

[14] There are lessons that may be drawn from the story of housing and IFC, where a confluence of factors, external (the global crisis and ensuing lack of funding for the *Sofoles,* the shift in government policy away from 'urban crawl,' poor prudential oversight and bad business practices) and internal (IFC's own limited capacity for oversight, IFC's portfolio concentration, with limited due diligence, when demand was high) led to the failure of these investments. Future adherence to concentration limits, awareness of government policy changes, and better due diligence could help avoid a repetition.

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APPENDIXES

Mexico: Country Program Evaluation

An Evaluation of the World Bank Group's Support to Mexico (2008–17)

IEG Independent Evaluation Group

WORLD BANK GROUP
World Bank • IFC • MIGA

WHAT WORKS

Appendix A. World Bank Group Program Outcome Ratings

	Achievement of Results Associated with World Bank Group Goals	World Bank Group Contribution to Results	World Bank Group Outcome Ratings
1.Raising Productivity			
Moderately satisfactory. Satisfactory progress toward most of the major relevant objectives in the area of competitiveness, ICT and financial stability, especially in SEZs, ICT support to PROSOFT and Mexico City, and IFC support to competitive industries. Moderately satisfactory results in innovation and financial broadening and deepening.			
Competitive Business Environment	• Reducing regulatory barriers and constraints at subnational levels through the deployment of the subnational Doing Business tool • Identifying barriers to competition and strengthening competition policy enforcement • Establishing special economic zones for targeted increases in productivity of select regions	• Doing Business is widely used by both public and private sectors notably at the subnational level, where it has been rolled out by the government to all states. Trend improvements overall and in some indexes • Support to COFEMER and to subnational levels for identification of barriers to competition. Roll out to federal level • Important inputs to legal, regulatory & institutional framework, and implementation for SEZs	Satisfactory
Innovation, ICT and Trade	Innovation • Innovation Framework • SMEs	• Good early results, no subsequent support • Good inputs, results cannot be measured by SME productivity in near term Moderately satisfactory	Moderately satisfactory
	ICT • Information Technology • Telecom	• World Bank project was critical for making PROSOFT a success • World Bank support to Mexico City was very useful; IFC IT investments, • World Bank "Support to the Government of Mexico on ICT (P149267) and the MX - RAS to "Provide Technical Inputs to the National Shared Wholesale Network" (P151210). Satisfactory	
	Trade	• Not a priority area Not rated	
Competitive Core Industries (IFC)	• Creating a competitive business environment by catalyzing investments in sectors newly opened to private investors, with substantial value chain, SME or employment linkages	• Successful investments in petrochemicals / polythene a basic building material, oil and gas, wholesale wireless network and container port terminals	Satisfactory

	Achievement of Results Associated with World Bank Group Goals	World Bank Group Contribution to Results	World Bank Group Outcome Ratings
Fostering financial stability	• Soundly capitalized liquid commercial banks with ratios well in excess of the Basel-III compliant regulatory limits • Banking system resilient to adverse and severe macro-financial scenarios • Strengthened bank regulations (concentration limits, capital requirements) and risk-based supervision)	• The World Bank Group provided fundamental diagnostics of areas for financial strengthening, advised regulators and supervisors, strengthened risk-based supervision, undertook financial crisis preparation, developed a commercial real estate price index, designed and modeled insurance catastrophic risk instruments. • IFC provided countercyclical support in the crisis taking equity positions in banks / providing credit	Satisfactory
Sustainably Increasing Financial Depth and Inclusion	• Consolidated, trained and certified rural savings and credit cooperatives, which channel government payments • Increased numbers of rural poor with accounts at a regulated financial institution • In 2012, 56 percent of adults had at least one financial product; 68 percent in 2015 • Commercial bank private sector credit grew, but remains below expected value based on income and level of development • In 2012, 27 percent of adults had at least one credit product; 29 percent in 2015 • SME credit experienced moderate growth • Mortgage lending has increased although for upper segments of housing market	• World Bank Group supported safe access to financial institutions through Bansefi certification of SCIs and extended the numbers of persons with accounts at regulated SCIs, in remote and poor areas. Further progress may be difficult due to changes in legal framework for certification • IFC support to microfinance institutions was significant and continues; support to SME finance providers was less successful • The World Bank provided advice on financial instruments (debt, stock market access, annuities, pensions, guarantees) but shifting political priorities meant offtake was limited • Quality advice offered to CONDUSEF on consumer financial protection but limited offtake • The World Bank offered fee-based advice to Sociedad Hipotecaria Federal, which was well received but could not be implemented due to crisis. SHF helped maintain stability in crisis • Many IFC investments in Sofoles (nonbank housing finance providers) failed	Moderately Satisfactory

	Achievement of Results Associated with World Bank Group Goals	World Bank Group Contribution to Results	World Bank Group Outcome Ratings
2. Increasing Social Prosperity			
Good progress toward major relevant objectives, especially in the areas of social protection/cash transfers, with many best practice elements in economic work and lessons for other countries but some shortcomings as in health.			
Health: Expanded health insurance	• *Seguro Popular* enrollment expansion (coverage, use, and financial protection for the poor outweighing small crowding-out effects in IMSS affiliation) • Increase access to health insurance by indigenous people • Strengthen affiliation mechanisms and reduce affiliation duplication • Improve financing inequalities across states and health subsystems • Increase Private Sector participation in the Health Sector (IFC))	• Flexibility and fast financial support gave government fiscal space during the economic crisis. • Technical contributions from a series of previous World Bank's projects were used in the *Seguro Popular* health care package of services; technical assistance and knowledge work on refinements of monitoring and audit system of the *Seguro Popular*, operational aspects, the effects of subsidized health insurance on informality and IMSS affiliation, and remaining challenges facing the health system. • Studies and technical assistance on the challenges facing states in delivering primary health care services for *Seguro Popular* beneficiaries. • Technical assistance to help in the strengthening of health promotion and prevention in primary health care. • While only a small investment of $2.2 million, IFC's equity stake in Sala Uno (#33770) has been a positive investment in the health sector. What began as a surgery center for cataract surgery has expanded into five business lines which together treat 85 percent of the diverse types of visual impairments in Mexico, with a strong focus on rural and low-income people. IFC has committed three loans for $40 million for hospitals	Satisfactory
Health: Strengthened epidemic control	• Strengthened capacity to respond, monitor and survey epidemics. • Increased medical supplies, and increased population vaccinated against Influenza A/H1N1.	• World Bank's governance and anticorruption measures limited the ability of the World Bank to financially support epidemic waves. • Technical assistance assessed the performance of the National Epidemiological Surveillance System, and helped develop local comprehensive risk communication strategies in nine states.	Moderately Satisfactory

	Achievement of Results Associated with World Bank Group Goals	World Bank Group Contribution to Results	World Bank Group Outcome Ratings
Education: Improved access and quality of target education programs including ECD	• Increase Participation in the PEC of basic education, indigenous, and marginalized and highly marginalized area schools. • Increased school autonomy and accountability, more participatory approach to decision making on schools' affairs, greater parents engagement. • Improved internal efficiently in basic education schools (pass rates, dropout rates). • Increased children aged 0–4 and parents' participation in ECD sessions, and improvements in children's motor skills, although no cognitive results. • Increases in students test scores, but compensatory programs run by CONAFE still lag behind in education outcomes.	• Long-term support, contributed to 53 percent of financial support to PEC program since 2006 • Supported capacity building for the States to supervise PEC implementation and alternatives to fine-tuned essential PEC program features based on piloting and technical assistance, including changes in the resource allocation formula across states • Provided school grants for improvements in infrastructure and other quality enhancing inputs • Helped expand the ECD program to the neediest communities (supporting capacity building for ECD promoters and training parents in improving their competences and capacities in ECD). • • Supported innovative approaches like mobile pedagogical tutors to redesign and scale-up initial and basic education to reach the poorly performance schools in marginalized areas • Less conclusive evidence of the impact of SBM on learning outcomes, but promising under recent Education Reform Program • Brought and supported the application of new international tools to measure the managerial capacities of school's directors • IFC has committed $69 million in three projects in the education sector and they are considered satisfactory	Satisfactory

	Achievement of Results Associated with World Bank Group Goals	World Bank Group Contribution to Results	World Bank Group Outcome Ratings
Education: Skilled labor market participation	• Establish & Adopt Competency-based curriculum by the majority of upper secondary schools; make Upper Secondary mandatory and increase enrollment, particularly of the poor • Rather slow pace for schools to gain accreditation • Increase the transferability of students across institutions • Increase the number of students receiving scholarships transition from middle to upper secondary • Reduce dropout rates • Consistent improvements in learning outcomes in upper secondary education are still to come • Increase Tertiary education enrollment by the poor.	• Provided 100 percent budget support for education reform, including development of common national curriculum, the establishment of National evaluation and accreditation system. • Financed scholarships for students at -risk of dropout to transition from lower to upper secondary. • Provided technical assistance underpinning upper secondary loans. • Supported student assistance interventions, national scholarship program PRONABES—number of scholarships doubled, 40 percent of them are poor, indigenous beneficiaries increased, female beneficiaries remained at 56 percent, and compensatory interventions for disadvantage students in tertiary education increased; share of recipients participating in the Oportunidades program during upper secondary education increased. • Recently provided support for strengthening institutional capacity of tertiary education institutions and improve teachers' quality. • Law on Professionalization teachers career approved; 171,844 upper secondary teachers enrolled in training sessions.	Satisfactory

	Achievement of Results Associated with World Bank Group Goals	World Bank Group Contribution to Results	World Bank Group Outcome Ratings
Education: Strengthened CCTs	• Respond to the crisis by expanding: (i) a temporary employment program to provide jobs to the unemployed in 2010; (ii) CCT program, *Oportunidades* from, and increasing the transfers value; (iii) *Seguro Popular* coverage • Strengthening *Oportunidades/ Prospera* capacities to address chronic poverty • Serve as model for other countries to adopt CCTs • Increase the quality of health and education services received by beneficiary households promoting stronger linkages with other programs	• World Bank support to strengthen performance of CCT has helped to: (i) revise targeting instrument to account for updated poverty lines and multidimensional poverty; (ii) redefine recertification and exit criteria; (iii) enhance health package to include noncommunicable Diseases screening; (iv) modify nutrition support to avoid contributing to obesity; (v) strengthen indigenous people work. • World Bank helped Oportunidades with the following key achievements: • (i) program reaches 6.2 million households or 20 percent of the population in 2015; • (ii) good targeting and expansion associated with improved social deprivation indicators in 2008–16 period: lack of access to health services declined from 38.4 percent to 15.5 percent; educational gap dropped from 21.9 percent of the population to 17.4 percent; • (iii) rigorous external impact evaluation (IE) results show significant and positive impact of program on consumption, school enrollment and attendance, access and use of health care services, child nutrition; • (iv) greatest improvements in health and education are among indigenous people; and • (v) higher social mobility for migrants who leave economically depressed localities of origin. • By 2014 over 70 countries had developed CCT programs modeled on Mexico's. • Government's signs 20 coordination agreements for programs to give preferential access to Prospera beneficiaries: In 2015–16, 1.1 million Prospera beneficiaries had access to complementary social programs and 236,000 to productive inclusion programs.	Satisfactory

	Achievement of Results Associated with World Bank Group Goals	World Bank Group Contribution to Results	World Bank Group Outcome Ratings
Social Protection: Integrated social protection systems for the poor	• Progress on the Functional Integration of the Health System and the Separation of financing and provision is still pending. • To address fragmentation and lack of integration of social programs, the government's strategy prioritized strengthening policy planning tools, including development and implementation of (i) an integrated social information system and unique registry of beneficiaries; and (ii) a regional social development strategy (RSDS) to define SEDESOL's role in the planning, coordination, and oversight of local social programs	• Advice and policy dialogue to promote an integral social protection system in health. • The ongoing World Bank's social protection system project and additional financing are supporting: (i) further fine-tuning of CCT and evaluation of the long-term impacts of Prospera; (ii) development and implementation of an integrated information system with key functions in registration (unique registry of beneficiaries); targeting; and monitoring and evaluation; and (iii) development and implementation of SEDESOL's RSDS	*Not rated, too early to assess*
3. Strengthening Public Finance and Government			
Satisfactory: Good progress toward most of its major relevant objectives, as in the areas of countercyclical response, strengthened non-oil revenues PER and subnational debt management advisory.			
Countercyclical fiscal policies; Increased revenues, better expenditure management, modern public sector management information, performance budgeting, govt. capacity building; Integrated risk management frameworks; customs efficiency; judicial efficiency and governance.	• Countercyclical policy response and increased non-oil government revenues	• The World Bank's swift and large DPL lending in 2009–10 contributed to the countercyclical fiscal policy while supporting medium-term, structural fiscal and business climate reforms. It also helped further trade liberalization. The World Bank's technical assistance and advisory informed the government's tax reform that has helped increase the non-oil tax-to-GDP ratio by 3 percentage points during the evaluation period, while implementing energy subsidy reform. Highly satisfactory	Satisfactory

	Achievement of Results Associated with World Bank Group Goals	World Bank Group Contribution to Results	World Bank Group Outcome Ratings
	• Increased adoption of public sector management and information systems at federal level and in selected states	• Results-based budgeting; The Fiscal Responsibility Law for subnational government's, passed in 2017, was informed by the policy dialogue and PER (2016). In its 2010 DPL, the World Bank supported harmonized accounting standards across federal, state and municipal governments has had considerable impact on bringing order and transparency in the fiscal reporting and fiscal transparency. Information systems framework at federal and subnational levels—dialogue under the PER	
		• Significant reduction of Most Favored Nations tariffs and simplification of the trade tariff regime and customs processes. Moderately satisfactory	
	• Strengthened subnational governance and management capacities for better results and effectiveness	• Fiscal responsibility law and early improvement in subnational debt management; In the state of Oaxaca, the World Bank has supported comprehensive public sector reform with a Public Sector Modernization Program (RAS/FBS) as well as Oaxaca: Strengthening the State's Management Capacities (IDF) through (i) Implementation of a strategic sector planning pilot program; (ii) Improvement of the planning, investment and budget system; (iii) Strengthening public sector management capacities on investment and budgeting; (iv) Development of technical capacities among public servants. Some of the key results include: treasury single account, improvements in metrics of results-based budgeting, monitoring and evaluation, and budget transparency, creation of the State Planning System, the Public Investment Management System and the creation of the Monitoring and Evaluation System. Statistical capacity building in other states. Satisfactory	

	Achievement of Results Associated with World Bank Group Goals	World Bank Group Contribution to Results	World Bank Group Outcome Ratings
4. Promoting Green and Inclusive Growth			
Good progress by the World Bank toward most of its major relevant objectives, in climate change policies, agriculture, biodiversity and forests, with some best practice elements but slow progress with water and waste management. Some successes but significant shortcomings in IFC performance.			
Improved Capacity for Low-Carbon Urban Devel-opment/Cli-mate Change Mitigation Improved Sustainable Management of Key Natural Resources - Forests, Biodiversity, Water, and Renewable Energy	Policies to Support Climate Change • Emissions reduction policy and monitoring frameworks across sectors (mitigation, adaptation, knowledge) • Improved interagency sectoral coordination and decentralized environment management • Sectoral targets and action plans for the environment (all sectors) • Estimation of energy subsidies and impacts on climate and environ-ment • Establishment of clean energy funding mechanisms Low-Carbon Development: Transport • Regulatory framework, monitoring systems and financing mecha-nisms for lower vehicles emissions • Improved bus system energy effi-ciency and increased Rapid Transit Infrastructure Energy Efficiency in Residential and Commercial uses • GHG emissions avoided or reduced in cities as well as rural areas and public facilities	• Adoption of climate change program and carbon trading system • Completion of emissions inventories at national level • Targeted strategies for emissions reduction across sectors • At the subnational level, 26 out of 32 states completed climate change action plans, 10 city action plans. These actions were underpinned by: World Bank analytic support through low-carbon development study by ESMAP (2009), study modeling costs of climate change and mitigation • Policies adopted to monitor, reduce and provide financing mechanisms for reducing emissions from transport • Mass transit system mainstreamed cli-mate change in its planning framework • GEF support for less carbon inten-sive transport along the *Insurjentes* and *Eje Sur* corridors; GEF Integrat-ed Energy Services Project in rural areas was less successful • Environment considerations expand-ed to urban trains in connection with PROTRAM; Energy efficiency program for rural residential and commercial use in in accordance with Energy efficiency law of 2008. Dis-bursement delays through Banobras noted in the UTTP PROTRAM project, slow disbursement in adopting ACE technologies. IBRD support for municipal energy efficiency including policy development and institutional strengthening. Satisfactory to date	Satisfactory

	Achievement of Results Associated with World Bank Group Goals	World Bank Group Contribution to Results	World Bank Group Outcome Ratings
	Housing Low-carbon intensive housing construction • Affordable housing (IFC)	• World Bank Access to Affordable housing (too early to tell) • IFC support to several companies in the construction of green and affordable housing. Except for one company, these projects collapsed and the level of commitment to 'green' housing of the one successful company is unclear. *Highly unsatisfactory* • IFC: mixed results with a large cement company loan to promote energy efficiency- prepaid in full a year after disbursement • Knowledge: High-impact study on energy subsidies, economic growth and environment (2013); Convening support for energy forums • Moderately satisfactory	
Improved Sustainable Management of Key Natural Resources - Forests, Biodiversity, Water, and Renewable Energy	Forests • Improved forest management practices especially community and indigenous persons who manage the majority of forests • Increased forest area under sustainable management practices and conservation schemes Biodiversity • Better conservation of Mexico's globally significant biodiversity • Improved coastal wetland management	• Successful Community Forestry Program community forest support, with Carbon fund and Climate Finance trust funds • 17 percent increase in hectares managed by communities and ejidos benefiting from sustainable management practices; 67 percent increase in CONAFOR program beneficiary communities • 17 million hectares sustainable wood production certified through DPLs • Successful IFC support to a company for domestic supply chain of sustainable forest products Satisfactory • Support for identified globally significant protected areas (with GEF) • Conservation of coastal watersheds for biodiversity, and sustainable land use. Satisfactory	Satisfactory

	Achievement of Results Associated with World Bank Group Goals	World Bank Group Contribution to Results	World Bank Group Outcome Ratings
	Water • Improved quality and extended sustainable provision of water and sanitation services. • Increased and improved integrated water resource management and long-term planning.	• The Water Utilities Efficiency Improvement Program project to implement efficiency in 81 water and sanitation service providers reducing leakages and tank rehabilitation; but design not optimized for impact • Oaxaca project to improve water quality and strengthen institutional framework impeded by onlending delays and political issues • Integrated water resource management, expanded modern agriculture irrigation districts • IFC: Unsatisfactory waste water treatment project • Knowledge: Major collaborative technical assistance for Cutzamala River Basin; Performance-based budgeting note Guanajuato, underpinning new loan under preparation; Multicountry research on trade-offs between agricultural and urban water use, in Mexico and elsewhere Moderately unsatisfactory	
Improved (Other Aspects of) Environmental Sustainability and Urban and Rural Resilience to Natural Disasters and Climate Change	Renewable Energy • Expand the generation and use of energy from renewable sources (solar, wind) • Increase energy efficiency, consistent with low-carbon growth.	• Approval and implementation of federal energy sector program to promote nonhydro energy • World Bank–supported policies for development of co-generation and small-scale renewable energy, gas flaring and venting reduction • Increased capacity of grid-connected small-scale producers • Wind—World Bank and Trust fund support to two wind projects: La Venta II, with the Carbon Fund and La Venta III, through GEF • Solar—36 communities in eight provinces benefited; 1.85 MW expanded solar photovoltaic capacity • 600,000 tons of carbon dioxide equivalents overall avoided by 2012 • IFC: Successful loans for Power Purchase Agreement. Advisory support to Puertas Finas for energy efficiency and solar panel use. Several less successful loans for solar energy. Little private interest for AS for sustainable energy	Satisfactory

	Achievement of Results Associated with World Bank Group Goals	World Bank Group Contribution to Results	World Bank Group Outcome Ratings
	Disaster Risk Management • Address natural disaster risks to which Mexico is prone Tourism • Adoption and monitoring of environmental tourism action plans in 35 destinations • Adoption of environmental criteria by tourism enterprises.	• World Bank: Moderately satisfactory; IFC: Moderately unsatisfactory • MultiCat Bonds (2009 and 2012) and "Capital at risk" CAT bonds (2017) programs. Example of result is the government receipt of $150 million under the latest bond program, following the September 7, 2017 earthquake. Lessons for other countries. Highly satisfactory • The government developed pilot Agenda 21 action plans in 14 tourist destinations, aiming to strengthen sustainable development of these areas and promote community participation. A set of benchmarks of good environmental performance was developed and implemented; and a process for certifying tourist facilities was launched. Satisfactory	

Note: CAT = catastrophic risk; COFEMER = Comisión Federal de Mejora Regulatoria (Federal Regulatory Commission); CONAFOR = Comisión Nacional Forestal; ECD = early childhood development; ESMAP = Energy Sector Management Assistance Program; GEF = Global Environment Facility; GHG = greenhouse gas; IBRD = International Bank for Reconstruction and Development; IDF = Institutional Development Fund; IFC = International Finance Corporation; IMSS = Instituto Mexicano del Seguro Social (Mexican Social Security Institute); PEC = Programa Escuelas de Calidad (Quality Schools Program); PROSOFT = Program for the Development of the Software Industry; PROTRAM = Federal Mass Transit Program; RSDS = regional social development strategy; SEDESOL = Secretariat of Social Development; SEZ = special economic zone; SHF = Sociedad Hipotecaria Federal (Federal Mortgage Company).

Appendix B. Country Program Evaluation Methodology

The analytical approach used by the Independent Evaluation Group (IEG) to the evaluation has been guided by the 2005 Country Assistance Evaluation Retrospective undertaken by the predecessor to IEG, the Operations Evaluation Department of the World Bank, as a part of its commitments to OECD-DAC (World Bank 2005a).[1] These standards were subsequently largely adopted by the ECG (2008) and reflected in the ECG's Big Book on Evaluation Good Practice Standards (2012). In accordance with IEG's standard practice for Country Program Evaluations, the methodological note describing the key elements of IEG's country program evaluation (CPE) methodology is given below. Following this, additional methodological practices adopted in the present evaluation are detailed.

Country Program Evaluation Methodology

CPEs rate the outcomes of World Bank Group assistance programs, not the country's overall development progress.[2] A Bank Group assistance program needs to be assessed on how well it met its objectives, which are typically a subset of the country's development objectives. If a Bank Group assistance program is large in relation to the country's total development effort, the program outcome should be similar to the country's overall development progress. However, most Bank Group assistance programs provide only a fraction of the total resources devoted to a country's development by development partners, stakeholders, and the government itself. In CPEs, IEG rates only the outcome of the Bank Group's program, not the country's overall development outcome, although the latter is clearly relevant for judging the program's outcome.

The experience gained in CPEs confirms that Bank Group program outcomes sometimes diverge significantly from the country's overall development progress. CPEs have identified Bank Group assistance programs that had:

- Satisfactory outcomes matched by good country development
- Unsatisfactory outcomes in countries which achieved good overall development results, notwithstanding the weak Bank Group program
- Satisfactory outcomes in countries which did not achieve satisfactory overall results during the period of program implementation.

Assessments of assistance program outcome and Bank Group performance are not the same. By the same token, an unsatisfactory Bank Group assistance program outcome does not always mean that Bank Group performance was also unsatisfactory, and vice versa. This becomes clearer in considering that the Bank Group's contribution to the outcome of its assistance program is only part of the story. The assistance program's outcome is determined by the joint impact of four agents: (i) the country; (ii) the Bank Group; (iii) partners and other stakeholders; and (iv) exogenous forces (for example, events of nature, international economic shocks, and so forth). Under the right circumstances, a negative contribution from any one agent might overwhelm the positive contributions from the other three and lead to an unsatisfactory outcome.

IEG measures Bank Group performance primarily on the basis of contributory actions the Bank Group directly controlled. Judgments regarding Bank Group performance typically consider the relevance and implementation of the strategy, the design and supervision of the Bank Group's lending and financial support interventions, the scope, quality and follow-up of diagnostic work and other AAA, the consistency of the Bank Group's lending and financial support with its nonlending work and with its safeguard policies, and the Bank Group's partnership activities.

Evaluating and Rating the World Bank Group Program Outcome

In rating the outcome (expected development impact) of an assistance program, IEG gauges the extent to which major strategic objectives were relevant and achieved, without any shortcomings. In other words, did the Bank Group do the right thing, and did it do it right? Programs typically express their goals in terms of higher-order objectives, such as poverty reduction. The country assistance strategy (CAS) may also establish intermediate goals, such as improved targeting of social services or promotion of integrated rural development, and specify how they are expected to contribute toward achieving the higher-order objective. IEG's task is then to validate whether the intermediate objectives were the right ones and whether they produced satisfactory net benefits, as well as whether the results chain specified in the CAS was valid. Where causal linkages were not fully specified in the CAS, it is the evaluator's task to reconstruct this causal chain from the available evidence and assess relevance, efficacy, and outcome with reference to the intermediate and higher-order objectives.

For each of the main objectives, the CPE evaluates the relevance of the objective; the relevance of the Bank Group's strategy toward meeting the objective, including the balance between lending and nonlending instruments; the efficacy with which the strategy was implemented; and the results achieved. This is done in two steps. The first is a top-down review of whether the Bank Group's program achieved a particular Bank Group objective or planned outcome and had a substantive impact on the country's development. The second step is a bottom-up review of the Bank Group's products and services (lending, AAA, and aid coordination) used to achieve the objective. Together these two steps test the consistency of findings from the products and services and the development impact dimensions. Subsequently, IEG makes an assessment of the relative contribution to the results achieved by the Bank Group, other development partners, the government and exogenous factors.

Evaluators also assess the degree of country ownership of international development priorities, such as the Millennium Development Goals, and Bank Group corporate advocacy priorities, such as safeguards. Ideally, any differences on dealing with these issues would be identified and resolved by the CAS, enabling the evaluator to focus on whether the trade-offs adopted were appropriate. However, in other instances, the strategy may be found to have glossed over certain conflicts, or avoided addressing key country development constraints. In either case, the consequences could include a diminution of program relevance, a loss of country ownership, and/or unwelcome side-effects, such as safeguard violations, all of which must be taken into account in judging program outcome.

Additions to the Core Methodology in This Evaluation

Notable in the present evaluation are four additional overarching questions:

i. To what extent did the Bank Group contribute to identifying Mexico's binding development constraints and to promoting sound policy choices?

ii. To what extent did the Bank Group contribute to Mexico's results in reducing poverty and promoting shared prosperity and inclusive growth?

iii. How effectively did the Bank Group use its lending, knowledge and convening power services—seeking to balance strategy and flexibility and exploiting synergies among various intervention modalities –in shaping its role and development contribution in Mexico?

iv. To what extent was Bank Group support to Mexico's development innovations beneficial to the Bank Group's knowledge base and to other Bank Group member countries, including through global public goods?

The overall rating of the evaluation takes into account not only the achievements according to the main Bank Group objective areas but also the findings that emerge from these supplementary questions. The addition of such overarching questions is a methodological innovation on the part of IEG. Partly to better respond to the supplementary questions, IEG also undertook supplementary analysis for the present evaluation. First, given the large proportion of advisory work in the Mexico country program, and the absence of an agreed Bank Group evaluative approach for ASA, IEG devised a tailored methodology for evaluating ASA which analyzes results, and World Bank contributions to these results. It also filters the overall analysis of ASA to separately review programmatic approaches, and RASs (appendix G). Second, given the large number of World Bank research outputs with a Mexico focus, IEG traced the uptake, geographic outreach and costs, to the extent possible, of Mexico-focused World Bank research (appendix H). Third, in view of the importance of regional inequalities in Mexico, IEG also undertook an analysis of the geospatial profile of World Bank.

Ratings Scale in Core Program Areas

IEG uses six rating categories for outcome, ranging from highly satisfactory to highly unsatisfactory:

Highly satisfactory:	The assistance program achieved at least acceptable progress toward all major relevant objectives, and had best practice development impact on one or more of them. No major shortcomings were identified.
Satisfactory:	The assistance program achieved acceptable progress toward all major relevant objectives. No best practice achievements or major shortcomings were identified.
Moderately satisfactory:	The assistance program achieved acceptable progress toward most of its major relevant objectives. No major shortcomings were identified.

Moderately unsatisfactory:	The assistance program did not make acceptable progress toward most of its major relevant objectives, or made acceptable progress on all of them, but either (i) did not take into adequate account a key development constraint or (ii) produced a major shortcoming, such as a safeguard violation.
Unsatisfactory:	The assistance program did not make acceptable progress toward most of its major relevant objectives, and either (i) did not take into adequate account a key development constraint or (ii) produced a major shortcoming, such as a safeguard violation.
Highly unsatisfactory:	The assistance program did not make acceptable progress toward any of its major relevant objectives and did not take into adequate account a key development constraint, while also producing at least one major shortcoming, such as a safeguard violation.

Finally, institutional development impact, sustainability and risk to development outcomes dimensions of the projects were assessed and subsumed as part of the assessment in each pillar.

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[1] Development Assistance Committee

[2] World Bank (2005a) appendix A: 'The CAE (Country Assistance Evaluation) Methodology' as adapted in recent IEG CPEs.

Appendix C. Overarching Evaluation Questions by Pillar

Raising Productivity

The outcomes of World Bank Group program on **competitiveness** have been broadly positive, though it is intrinsically difficult in many areas to trace final impact which is largely beyond the Bank Group's influence. On the business environment, there was a roll out of the subnational joint World Bank–International Finance Corporation (IFC) Doing Business to all states (and a transfer of tools to the client) and overall positive results even if mixed at the level of subindicators. However, on innovation, the early positive results did not lead to program rollout and the outcomes of support to the national SME agency are not yet evident. Outcomes of Bank Group program in telecommunication have been scattered; those in the information technology sector have been highly positive, helping Mexico develop the second-largest technology industry in Latin America. In the special economic zone (SEZ) sphere, the World Bank had significant inputs at all stages and levels. Although the zones are still in the early stage of development, the Bank Group has contributed in a significant way to ensuring that they have the best chance at succeeding and providing a means to bridge the persistent regional development gap. Finally, World Bank engagement with trade faded, at a policy level, when the issue ceased to be a priority for Mexico, though IFC continued to support trade logistics with its investments in ports.

In the financial sector, the World Bank's series of FSAPs contributed significantly to the stability agenda and sound financial regulation. Improvements in prudential oversight, bankruptcy regulation and other areas were reflected in the 2014 financial reform regulation. In terms of broadening and deepening of the financial system, the World Bank played a significant role in the consolidation of Mexico's network of rural savings and credit institutions. The World Bank is also attempting to work with the government with its rural development bank, in accordance with the governments' 'democratization' agenda. IFC has been able to successfully engage with many microfinance institutions, though less successfully with institutions targeting an SME clientele. The World Bank's contributions on extending the array of financial instruments, in the capital markets area, has met with limited follow-up despite good analysis. Its results, in terms of offtake of financial infrastructure and consumer financial protection analyses, has also been mixed.

Identifying Mexico's Binding Development Constraints and Promoting Sound Policy Choices

In terms of identifying Mexico's binding constraints to productivity and competition, these are well known and diffuse. The Bank Group appropriately did not conduct major studies to identify constraints, but instead focused on TAs for improvement, especially at subnational levels. The World Bank was however a trusted partner to Mexico for diagnoses of constraints in the financial system, as discussed above, both in the areas of financial stability, through its series of FSAPs, and in terms of the broadening and deepening of the financial system, where the World Bank offered advice in all spheres, ranging from capital markets and housing finance to consumer protection, though it met with mixed success. IFC was aware of such constraints and made positive contributions in terms of its crisis and microfinance investments, although much of its housing finance portfolio is under liquidation.

Reducing poverty and promoting shared prosperity and inclusive growth. With regard to promoting shared prosperity and inclusive growth, many elements in the Bank Group competitiveness agenda targeted subnational levels, poor states, and frontier regions. The SEZ agenda specifically targeted such regions. IFC's Doing Business support specifically assisted the state of Guerrero and a new rollout with Oaxaca is under way. IFC's investments for competitive industries included Etileno in Veracruz (a greenfield petrochemical plant), a frontier state, and the rollout of the Red Compartida is likely to particularly benefit remote and underserved regions. The World Bank's long engagement with Bansefi aimed at expanding safe financial services to the remote areas where a large part of Mexico's poor live; its nationwide survey of financial services for Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros (National Commission for the Protection and Defense of Financial Services Users).

also aimed at bringing services to all parts of the country. Inputs to the impact evaluation of Mujeres Moviendo México provides critical information on the effectiveness of a sizeable female entrepreneur support program.

Use of World Bank Group Lending, Knowledge, and Convening Power Services

The Bank Group effectively blended its lending, knowledge, and convening power services in the area of raising productivity, skillfully moving from a high lending to a high knowledge-based agenda, where the large number of RAS engagements evidence client appreciation and continuity of engagement, in addition to building capacity at a number of federal agencies (some for competitiveness and others in the financial sector).[1]

Contributions to the World Bank Group's Knowledge Base

Finally, regarding contributions to Bank Group's knowledge base, a few program elements, notably the subnational Doing Business and subnational competition assessment methodologies piloted in Mexico provided lessons for replication elsewhere, together with the support to Mexico's bold ICT reforms and select aspects of the SEZ program. Elements of the World Bank's financial sector work were also outstanding in their innovation, notably the global catastrophe risk modeling technical assistance which helped the launching of the World Bank's MultiCat program in October 2009. Its work on covered bonds, its survey of financial service users for the consumer protection agency are also original. Finally, the extent to which Mexico successfully developed its knowledge engagements through programmatic approaches and reimbursable services has encouraged their World Bank–wide rollout.

Increasing Social Prosperity

Identifying Mexico's Binding Development Constraints and Making Sound Policy Choices

The World Bank's country diagnostics of the Human Development cluster has been adequate and of good quality. Particularly useful are the Policy Notes for incoming administration, focusing on big picture challenges, progress made, and options for policy makers. Support for institutional development aimed to improve (i) quality of services, and (ii) their governance and accountability framework. Low tax/revenue mobilization was one such constraint in relation to (i) increasing liabilities arising from an aging population and policy mandates such as *Seguro Popular,* mandatory upper secondary education, and so on; (ii) financing needs arising from IMSS and ISSSTE increasing pension deficits; (iii) recognizing that in per capita terms, Mexico's health and education expenditures are way below OECD averages. Another one was Reforming labor market regulation as a key driver of informality. Also, the World Bank also identified segmented and fragmented social security system driven by employment status that contributes to inequalities and inefficiencies. Although incomplete, major reforms in health financing with *Seguro Popular* improved expenditure targeting to the poor. The World Bank has also identified decentralization in health and education and the governance and accountability framework between federal-state-and-local governments, which remains a major constraint to the effectiveness of Human Development interventions.

Reducing Poverty and Promoting Shared Prosperity and Inclusive Growth

The World Bank has contributed to reducing social deprivation, especially for the vulnerable groups through its support for education, health and social protection policies and programs. Social deprivations in education and health have reduced more for indigenous population. In health, the expansion of the subsidized health insurance reduced the likelihood of impoverishment by catastrophic health expenditures, while raising use of health services supported by the CCT. All individuals in deciles 1 and 2 without contributory social security system were affiliated to the Seguro Popular Regime. The World Bank has also focused on the effects of a tax reform on consumption of the poor with respect to the link between sugared beverages with obesity and diabetes prevention.[2] In education, the World Bank assistance contributed to the World Bank's twin goals of eliminating extreme poverty and boosting shared prosperity by increasing access to early childhood development and basic education, and by improving learning outcomes and retention rates in public schools, especially in marginalized areas, through better school-based management and CCT. The World Bank's assistance in upper secondary education as well as CCT have helped improve retention rates, particularly among students from the bottom 40 percent.

In social protection, the World Bank support to the CCT Oportunidades/Prospera contributed to poverty reduction and shared prosperity via human capital accumulation of the poor. The World Bank has helped protect the poor against the impacts of the 2008 global economic crisis both by increasing the value of the cash transfer and expanding the number of beneficiaries. Without Oportunidades/Prospera, the poverty rate and the poverty gap for 2012 (Encuesta Nacional de Ingresos y Gastos de los Hogares [the National Household Income and Expenditure Survey]) would have been 1.8 percent and 1.9 percent higher than they actually were. Without the program, the Gini coefficient would have increased from 50.5 to 51.8.[3] The World Bank support for alternatives to link the poor to social and productive programs is a key area for potential breakthroughs for Mexico and the World Bank's global knowledge.

Use of World Bank Group Lending, Knowledge, and Convening Power Services

The World Bank used its lending, knowledge and convening power services quite effectively in supporting Mexico's Human Development goals. It has progressively shifted toward more intensive delivery of ASA relative to lending, consistent with the trend where knowledge-based activities have gained traction relative to lending. The programmatic approach to knowledge ensured flexibility and on-time response, but it may have played against a more strategic vision, particularly in health. The World Bank exploited synergies. Financial support for the CCT built on the cooperation with the Secretariat of Social Development, evaluation and monitoring, poverty diagnostics, and social protection strategy. The World Bank used programmatic resources and nonlending technical assistance (NLTA) to support key elements of *Oportunidades*' design. The knowledge the close link with the health system. The Social Protection System Programmatic Approach II (2014–17) (P148162) comprised knowledge, policy dialogue, technical assistance, and convening services. Lending has been of critical in crisis times. World Bank loans support "continuity" from one administration to the next. As a knowledge partner, the World Bank is highly valued, especially in education. Clients praise the World Bank Human Development staff technical knowledge, ability to design evaluations and bring the right experts. Knowledge overcomes constraint to World Bank support because of nonadditionality rule.

Contributions to the World Bank Group's Knowledge Base

The Human Development program in Mexico includes major "public good" or "externalities." These include (i) a variety of evaluations and studies; (ii) the promotion of South-South knowledge sharing but most extensive in social protection; and (iii) a robust NLTA activities (mainly in education and SP) and on demand (in all three sectors). Many are not only benefiting Mexico but contribute to the World Bank's cutting-edge knowledge (for example, achieving universal health insurance, productive inclusion of the poorest, building social protection systems). Oportunidades/ Prospera program had over 70 external evaluations (Parker and Todd 2017). These have influenced other countries to adopt similar CCTs, now have been implemented in more than 70 countries.[4] Mexico shared best practices on CCT with many countries, and several global workshops have been organized by the World Bank.

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Strengthening Public Finance and Governance

Identifying Mexico's Binding Development Constraints and Promoting Sound Policy Choices

In public finance areas, the World Bank has contributed well to identifying key constraints to effective fiscal and public-sector management. This evident in the policy notes which are focused on the key public finance issues, the advisory on tax reform and non-oil revenues, and long-term fiscal challenges and engagement in results budgeting and public expenditure management and capacity, especially at the subnational levels, and the diagnostics and subsequent RAS in strengthening public sector management in the state of Oaxaca and other states. Federal and subnational fiscal responsibility legislation are landmarks public finance and legal reforms. They have set the state for greater transparency and rules-based fiscal management, improved debt management, especially at the subnational level. The 2013 tax reform has been a game changer on tax policy. After many years of delays, it increased the rates on key taxes, and it eliminated regressive and large fuel subsidies, contributing potentially to greater equity of the tax system. The result has been a cumulative 3-percentage point increase in non-oil tax revenues over the 2013–17 period and substantial strengthening of the tax base. The World Bank has directly informed the reform through the strategic and detailed advisory at all stages of the consideration of reform. Public Expenditure Review has identified key expenditure efficiency and equity issues and influenced policy. Its influence is potentially yet to be felt after the new government is inaugurated and as a basis for the next phase of fiscal and tax reforms. Multibonds have been an important innovation, and showing early results, addressing a key fiscal, financial and social vulnerability of the economy and society to the natural disasters.

Reducing Poverty and Promoting Shared Prosperity and Inclusive Growth

Overall, the World Bank's contribution to the twin goals in public finance pillar has been varied and significant in several areas and through indirect channels of influence on fiscal policies and governance reforms toward safeguarding and promoting macroeconomic stability, increasing government revenues, strengthening tax and public expenditure policies and public sector institutions, and putting in place major fiscal legislation, especially at subnational levels. However, the links between these reforms and their results--which are mainly in the nature of institutional and policy outputs and outcomes—and those high-level objectives are inevitably complex and uncertain and cannot be firmly established beyond a qualitative assessment. With respect to the lagging regions, the World Bank has had noted presence in some of the poorest states even though targeting the poorest states per se was not an objective of the World Bank program. Weak institutions and capacity and operating environment in these states make it difficult to develop and sustain deep engagements. Nonetheless, the World Bank has had significant presence and broad, RAS and Institutional Development Fund–based public sector engagement and results in the first generation of reforms in the state of Oaxaca, one of the five poorest states in Mexico. Early results of a geospatial analysis of World Bank interventions across states suggests that the World Bank has been present in states and regions where the bottom 40 percent live, especially when extensive knowledge AAA interventions at subnational level are considered.

Use of World Bank Group Lending, Knowledge, and Convening Power Services

Overall, in public finance, the World Bank appears to have balanced well the lending, knowledge and convening power in its services. It has also demonstrated flexibility to rapidly respond to changing needs, as was the case during the global crisis when it quickly scaled up development policy financing lending in support of the countercyclical policy response. Importantly, at the beginning of each strategic period, the World Bank has put together technically sound and comprehensive policy notes which laid out the World Bank's knowledge of the key development constraints and policy directions for the incoming government. This has laid the ground for the subsequent engagements in many areas, including public finance, anticipating subsequent, more in-depth engagements (for example, PER, tax reform, Oaxaca). In the first period, the World Bank emphasis was appropriately placed on speed and flexibility in countercyclical response to changed environment and urgent client demand. In the second period, the World Bank faced the binding constraint of the single borrower limit, which also constrained the size and composition of its intervention modalities. As a result, it shifted toward an array of knowledge products financed through RASes and trust funds, often responding to just-in-time demand but also to some strategic demand at subnational level as was the case with the Oaxaca public sector engagement. Programmatic approach, agreed with the client, has helped cluster these many interventions into a common framework. From subnational engagements in Oaxaca to tax reform and risk management interventions such as multibonds, the World Bank has exercised strong convening power. It brought together relevant knowledge from around the world to bear on concrete problems in Mexico. It also learned from these interventions and transferred knowledge to other client countries.

Developing a Knowledge Base for Other World Bank Group Member Countries

In the public finance area, the World Bank contributed several development innovations beneficial to the Bank Group knowledge base. Catastrophic risk bonds programs, discussed more in chapter 2, have been one such innovation, successfully transferring risk from natural catastrophes to international capital markets; the program has also meet a critical development need and had important spillovers globally to other countries using similar programs. Also, programmatic approach on fiscal challenges, advisory support on tax reform, Public Expenditure Review, capacity building for the federal Congress, and engagements at subnational levels in the state of Oaxaca are examples of significant engagements with tangible results. They also informed government's policy as well as the World Bank's other interventions. And they carry lessons for the World Bank's own knowledge base and that of other countries. Based on this engagement, for example, the World Bank has also facilitated intensive international knowledge sharing and exchange among regional and municipal governments and experts from the Mexican states of Oaxaca and Jalisco, Chile, Argentina, Peru and Honduras to cross-fertilize that experience to and from other Latin American countries (*Oaxaca, Gobierno del Estado y Banco Mundial*. 2017). In these efforts, the World Bank has been playing an important convening role on development knowledge.

Promoting Green and Inclusive Growth

Identifying Mexico's Binding Development Constraints and Promoting Sound Policy Choices

World Bank analytical work helped Mexico identify and integrate critical development constraints for environment and climate change into infrastructure development across sectors and at national and subnational levels. 8 It provided the framework for lending, helping catalyze critical changes that anchored the policy and institutional framework for mainstreaming and integrating climate change. Parallel investment loans and collaborative technical assistance, often leveraging trust funds, helped operationalize support to national and subnational partners.[9] Over the period, the World Bank has thus been a relevant and effective source of policy advice, technical assistance, and financial support to green growth in Mexico, supported by other development partners.

Reducing Poverty and Promoting Shared Prosperity and Inclusive Growth

Although there was no explicit strategy for the reduction of income or spatial disparities, many World Bank operations under the pillar, such as those for community forest management, environmental degradation, coastal management, water management or the wind farms established in the south, benefited poor rural communities, including ejidos and indigenous peoples. Moreover, disaster risk prevention and agricultural insurance mechanisms, associated with increasingly extreme weather events, especially benefit the poor and those in vulnerable regions. In terms of lending, state-specific investment operations such as the Oaxaca Water and Sanitation Modernization Project, the Community Forestry (PROCYMAF) project, and the Climate Change Project focused significantly on poorer states, especially Guerrero and Oaxaca.[10] Many interventions were nationwide in scope and others, such as the support for the *Insurgentes* transport corridor in Mexico City, the much larger national UTTP, the Sustainable Rural Development Project, and water resource management technical assistance and related infrastructure investments in the Valley of Mexico focused on more developed parts of the country, but where the poorer segments will likely benefit.

Use of World Bank Group Lending, Knowledge, and Convening Power Services

The World Bank's financial technical and operational support and continuing good relations with a range of agencies were appreciated and helped convene government ministries, and other development partners. With strong support from Secretaría de Hacienda y Crédito Público *(*Ministry of Finance), the World Bank helped the Secretaría del Medio Ambiente y Recursos Naturales (Ministry of Environment and Natural Resources) and its dependencies (the National Biodiversity Council, National Forest Commissions, CONAGUA, and the National Institute of Ecology and Climate Change) gain "voice" in defining national sustainable development priorities and budget allocations. It leveraged resources from Global Environment Facility grants, emissions reductions payment agreements and other concessional support from Carbon and Climate Investment Funds. In other sectors (for example, forestry), World Bank lending has increased and been combined with both carbon (Forest Carbon Partnership Facility) and climate finance (Forest Investment Program) support. World Bank analytics underpinned new development policy and investment lending operations; for example, the low-carbon development study, water supply and sanitation in Oaxaca, and for the Cutzamala River Basin collaborative technical assistance.

Developing a Knowledge Base for Other World Bank Group Member Countries

The green growth pillar illustrates Mexico's importance as a source of knowledge and innovation; Mexico has been a leader among developing countries—as well as some industrialized countries—with respect to climate change mitigation and adaptation policies and actions.[11] Government officials consistently stressed the quality and importance of World Bank analytical work. World Bank–partnered programs for natural disaster risk management and weather-indexed agricultural crop insurance stand out, together with the Energy Sector Management Assistance Program studies, the Agriculture PER, the Energy efficiency review, and, recently carbon capture, storage, and use and food waste. World Bank staff also point to benefits accompanying and learning from Mexican counterparts, advancing the World Bank's accumulation of pertinent development knowledge, such as in the recent joint work on the Cutzamala river basin and the Yucatán Peninsula.

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[1] For competitiveness, the Comisión Federal de Mejora Regulatoria (Federal Regulator Commission; COFEMER), Instituto Nacional del Emprendedo (National Institute of the Entrepreneur; INADEM), Autoridad Federal para el Desarrollo de las Zonas Económicas Especiales (Federal Authority for the Development of Special Economic Zones;

AFADZEE), Consejo Nacional de Ciencia y Tecnología (National Council of Science and Technology; CONACYT), among others. In the financial sector, the Central Bank, Bansefi, Financiera Nacional de Desarrollo Agropecuario, Rural, Forestal y Pesquero (National Agricultural, Rural, Forestry and Fishing Development; FND), (Federal Mortgage Company; Sociedad Hipotecaria Federal; SHF), Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros (National Commission for the Protection and Defense of Users of Financial Services), and others, in the financial sector.

[2] PSIA (Poverty and Social Impact Analysis) - Impact on the poor of fiscal policies of the Mexican Strategy to Prevent and Control Overweight, Obesity and Diabetes (P149899).

[3] World Bank, Mexican States Public Expenditure Review, 2016, Tables 8.1 and 8.2, p.284. Calculations based on ADePT (World Bank software platform for automated economic analysis) using ENIGH 2012 data.

[4] IEG (2016). Behind the Mirror: A Report on the Self-Evaluation Systems of the World Bank Group, ROSES (Report on Self-Evaluation Systems).

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[7] IEG (2016). Behind the Mirror: A Report on the Self-Evaluation Systems of the Bank Group, ROSES (Report on Self-Evaluation Systems).

[8] Especially its Low Carbon Development study, its modeling of energy subsidies, its agricultural expenditure review

[9] Such as the Cutzamala initiative

[10] Interventions under the two Community Forestry Program (PROCYMAF) operations were concentrated in the states of Durango, Guerrero, Jalisco, Michoacán, Oaxaca, and Quintana Roo. As noted above both Michoacán and Quintana Roo (in the Yucatán Peninsula) together with Campeche and Yucatán, were also the beneficiaries of World Bank analytical support—see the World Bank publications *Confronting a Changing Climate in Michoacán*, issued in January 2010, and *Green and Inclusive Growth in the Yucatán Peninsula*, released in April 2016.

[11] Such as with its Nationally Appropriate Mitigation Actions and its use of market-based pollution control instruments such as its carbon tax

Appendix D. World Bank Group Loans and Investments in Mexico

This note describes the loan portfolio of the World Bank and International Finance Corporation (IFC) in Mexico, as well as IFC's investments and guarantees from the Multilateral Investment Guarantee Agency (MIGA) in Mexico. It does not include the knowledge work (ASA: AAA / NLTA), research, or knowledge outreach of Mexico. These are detailed in appendixes F and G.

World Bank Lending to Mexico

Lending to Mexico has surged during periods of crisis (figure 1). During the program period, the World Bank approved 44 new IBRD projects with a total commitment of $16.8 billion over the FY08–17 period with annual average lending commitments for FY09–13 of $2.8 billion per year.[1] During this period, total new commitments were at an all-time high over the years following the financial crisis, in FY09, FY10, and FY11, at $3.4 billion, $6.4 billion and $2.8 billion respectively, averaging $4.2 billion over this three-year period. Yet lending declined rapidly thereafter to effectively zero in FY13.

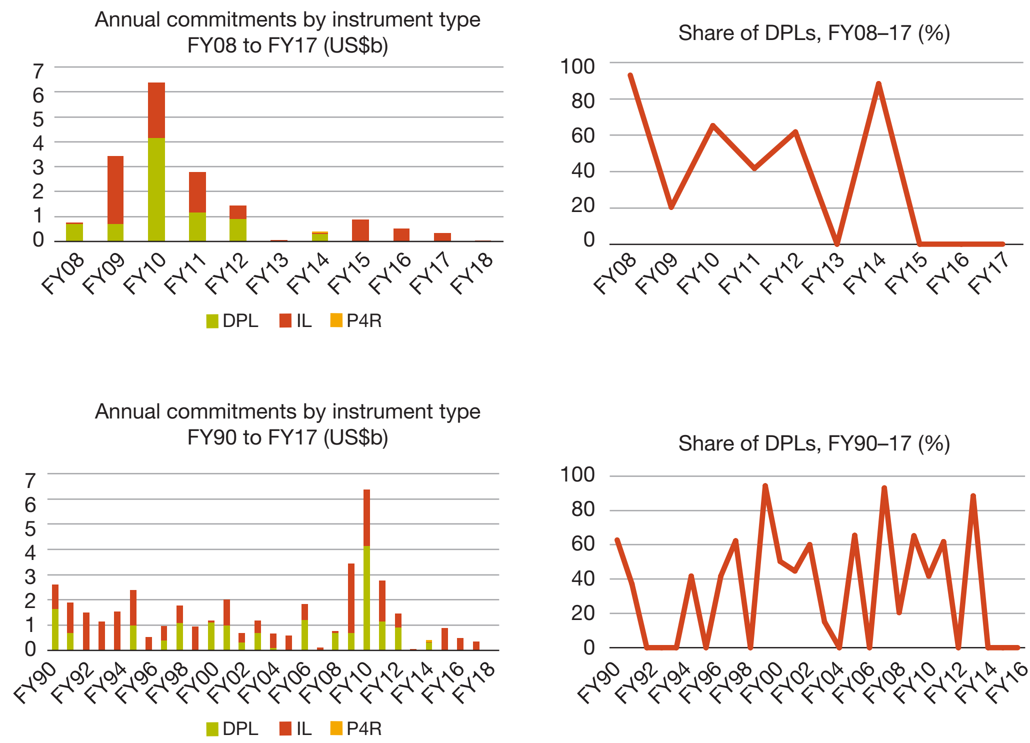
Average lending over the past five years has declined to a tenth of the crisis level, at $421 million per year, similar to previous pattern in World Bank Mexico lending (Figure D.1). In FY00 and FY01, after adverse external factors sharply affected Mexico, World Bank lending averaged $1.6 billion per year. In FY07 Mexico prepaid the World Bank approximately half of its outstanding debt of $9 billion and new lending that year was less than $100 million. In terms of numbers of loans, Mexico has had just 44 new operations over the period from FY08 to FY17, of which 34 occurred in the six years from FY08 to FY13.

With the reduction in lending, Mexico has succeeded in maintaining a steady level of total exposure to the World Bank at under $15 billion, below the headroom ceiling of $16.5 billion at regular lending terms. World Bank lending to Mexico remains a small fraction of its financing needs, compared with a total external debt today of $430 billion (March 2017). In terms of MDB lending, the IDB is today a more significant lender to Mexico, with annual lending of $2.1 billion over 2016 alone, $38.1 billion cumulatively since 1961, and an active portfolio of $4.3 billion in total loans. The IDB has not, so far, faced headroom constraints in its lending to Mexico. Moreover, Mexico has enjoyed investment grade credit ratings and has comfortable access to international markets.

In terms of World Bank lending instruments, aggregate lending has combined a fairly even blend of DPLs and ILs, with just one P4R instrument (for $55 million in FY14, for Mexico's first subnational loan in a decade, to the state of Oaxaca). Over the portfolio review period, DPLs accounted for just under half of total new lending, at 47.8 percent; over the entire period from FY90 to the present the ratio was similar at 43 percent. Remarkably even over the three-year spike in lending over the years of the global crisis (FY09–11), only around half the total was in the form of development policy lending. This is similar to the pattern observed during previous periods of ramped-up lending.

Although at the outset of the FY08–13 Country Partnership Framework period, notably before the crisis, the World Bank Group proposed that all lending to the country could henceforth be subsumed into a single multipronged DPL, in practice a sector focused lending pattern re-emerged. Country Partnership Framework proposals for a single multipronged DPL were intended to support a relatively

FIGURE D.1. Financial Flows to Mexico FY90–17 and FY08–17 ($billion and percent)



Source: World Bank Business Intelligence, WDI.

independent definition of needs by large and sophisticated MICs. However, lending during the crisis and postcrisis period was characterized by thematic focus as well as a use of investment lending in parallel to DPLs. Mexico's lending over this period (FY09–11) included a strong focus on environment and climate, through DPLs ($500 million and $700 million in 2009, followed by $1.5 billion and $450 million in 2010, and $400 million in 2011), a sectoral DPL for secondary education ($700 million in 2010) together with an economic policy DPL ($1.5 billion in 2010). However, even in this period parallel large operations for housing finance ($1 billion in 2009) and social services ($1.5 billion in 2009 to Oportunidades and $1.25 billion in 2010 for social protection in health) took the form of investment loans. Recent lending has followed a pattern of smaller investment loans in specific sectoral or practice areas, which more closely mirror World Bank structures.

Although planned lending considerably exceeded actuals during the first program period, due to the crisis, actual lending was close to the lower bound of planned lending over the second country partnership strategy (CPS) cycle. Under the FY08–13 CPS, the World Bank's actual lending volumes were $14.8 billion, much higher than the proposed allocation in the CPS baseline scenario ($4.8 billion) (Table D.1), due to ramped-up lending during the crisis. During this period, 34 projects (including 13 under DPL) were launched. Three projects (Customs Institutional Strengthening, Influenza Prevention and Control, and a Fiscal Risk Management DPL totaling $801.1 million) were canceled. Under the FY14–18 CPS, which proposed a lending of $300–700 million for the first two years, the World Bank's actual lending volumes were $2.1 billion (averaging around $500 million per year), and include a P4R project for Water Sector Sanitation and Modernization in Oaxaca ($55 million), approved at the beginning of the period that faced implementation delays of close to two years.

The distribution of commitments by Global Practice/cluster shows an emphasis on the human development areas, as well as on environment and climate change. The largest Global Practice in terms of new commitment amount over the entire period was Social Protection & Labor, which accounted for 18.4 percent of Mexico's IBRD commitments, followed by the Finance and Markets (13.7 percent), Energy and Extractives (13.5 percent) and Education (13.4 percent) clusters (figure 3).

Perhaps a more meaningful message emerges by clustering the sectors under the broad pillars of activity used for the framework of this evaluation, albeit, recognizing the complexity of many projects that have elements of both and do not map easily (Figure D.3. World Bank IBRD Commitments to Mexico by Cluster ($m and Nos); FY08–12 and FY13–17). Broadly defined, these are the Increasing Social Prosperity or Human Development cluster (encompassing Health, Nutrition, and Population; Education; and Social Protection and Labor); Promoting Green and Inclusive Growth

TABLE D.1. **Mexico Planned and Actual Lending during the CPSs FY08–13 and FY14–19**

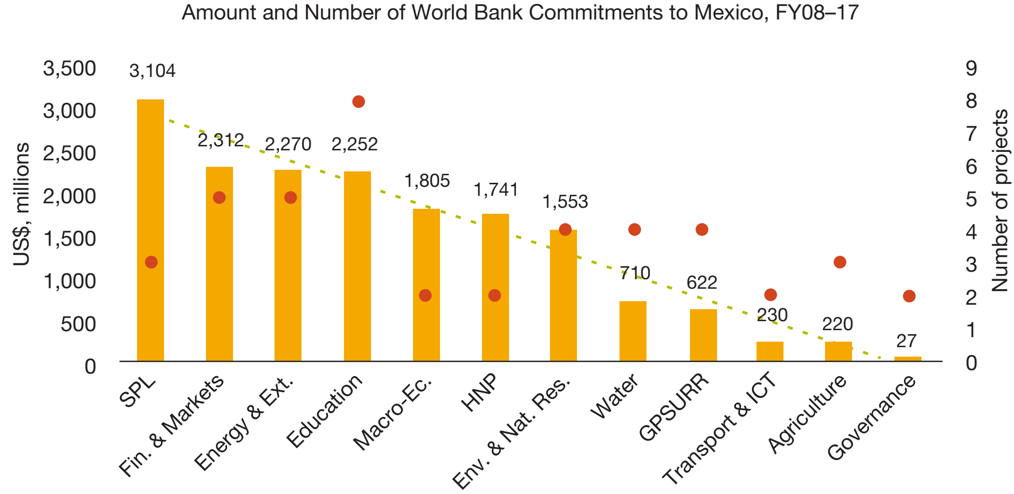
	CPS FY08–13	CPS FY 14–19		CPSPLR (Jan. 26, 2017)
Opening portfolio (net commitments)	$1.6 billion (14 IBRD projects and 5 GEF projects); Jan.31–2008[a]	$4.3 billion (12 IBRD projects and 5 GEF projects); Sept. 30, 2017[b]		$2.2b (13 IBRD projects and 3 GEF projects); Dec. 31, 2016[c]
Proposed annual average ($, millions)	800	300 FY14	700 FY15	
Actual annual average ($, millions)	2,465	356 FY14	850 FY15	423 FY16
Proposed total	4,800	300 FY14	700 FY15	
Actual total	14,790	356 FY14	850 FY15	2,185 FY 16

Sources: Independent Evaluation Group, based on CPSs and CPSPLR. The CPSPLR does not provided proposed totals.

Note: CPS = country partnership strategy; CPSPLR = CPS Performance and Learning Review; GEF = Global Environment Facility; IBRD = International Bank for Reconstruction and Development.

a. CPS FY08–13.
b. CPS FY14–09.
c. CPSPLR FY14–19.

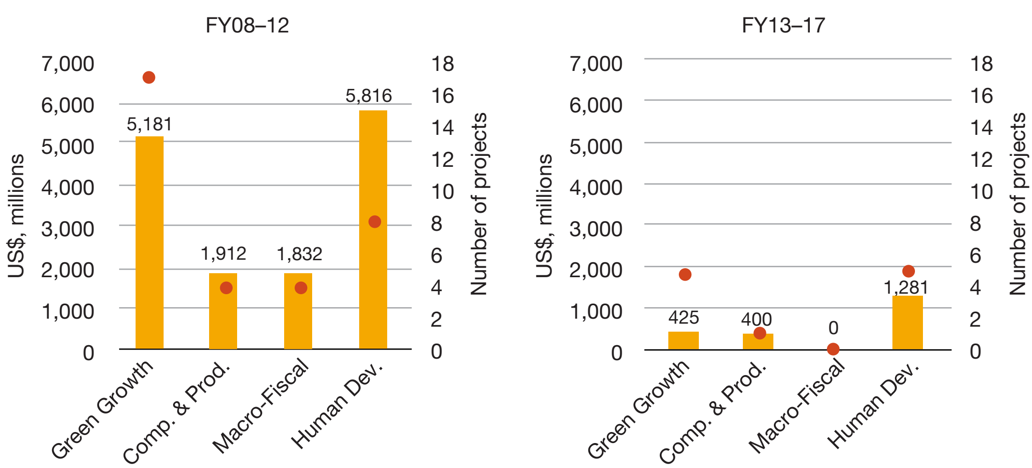
FIGURE D.2. **Amount and Number of World Bank IBRD Commitments to Mexico by Global Practice, FY08–17**



Sources: World Bank Business Intelligence.

or Green Growth (including Environment and Natural Resources; Water; Social, Urban, Rural, and Resilience; Infrastructure; Transport and ICT; and Agriculture); Strengthening Public Finance and Government or Macro-Fiscal (including Macroeconomy and Governance), and raising productivity or Competitiveness and Productivity (Trade and Competitiveness and Finance and Markets) clusters.

FIGURE D.3. **World Bank IBRD Commitments to Mexico by Cluster ($m and Nos); FY08–12 and FY13–17**



Source: World Bank Business Intelligence.

Note: Human Development (encompassing health, education and social protection); green growth (including environment, water, Social, Urban, Rural, and Resilience (SURR), infrastructure, transport and agriculture); Macro-Fiscal (including macroeconomy and governance), and Competitiveness and Productivity (Trade and Competitiveness and Finance and Markets)

Such a clustering shows that lending has been dominated by the Increasing Social Prosperity cluster, closely followed by the Promoting Green and Inclusive Growth cluster.

Over time, spending on the human development area remained proportionally high in both subperiods (39.5 percent and 60.8 percent respectively), though the absolute sums dropped severely in the second period. The share of finance and markets also remained robust with a large loan of $400 million in 2016. The decline in the share of MFM from 12.2 percent during FY08–12 to zero in recent years paralleled the decline in financing for infrastructure. In the new capital constrained environment faced by the World Bank, the scenario of ramped-up infrastructure lending became possible only should the World Bank manage to increase its lending envelope.

In terms of Independent Evaluation Group (IEG) ratings of IBRD projects originated during the 2008–17 period, 15 of the 21 projects with IEG ratings were rated satisfactory or moderately satisfactory.[2] Of the 15, 7 were satisfactory and 8 were moderately satisfactory. Ratings were not available for 23 projects. World Bank totals for Mexico's portfolio performance suggest a favorable comparison with the rest of Latin America and with all projects taken together. Within the broader list of 34 IBRD projects that were open and closed during the period and rated with available and complete ratings, 13 were satisfactory and 15 moderately satisfactory. In terms of volume, 43 percent of the $12.5 billion of these projects were rated satisfactory and 54 moderately satisfactory. Only 17 IFC projects were rated by the IEG (out of 122) and they showed a mixed picture with 1 highly successful, 2 successful, 6 mostly successful, and 8 projects below the line.

Over the program period the 44 new IBRD loans to Mexico were supplemented by 41 trust fund contributions during the FY08–17 period, largely concentrated in environment and climate areas, but also, in the macroeconomic and governance areas.[3] These included 11 Global Environmental Facility approvals, ranging from $39 million to $200,000 in approval value, and amounting to $94 million, used for a range of activities including coastal wetland management, biodiversity, and the integration of environment into infrastructure projects including energy and transport. These were supplemented by Carbon funds (the Prototype Carbon Fund and the Forest Carbon Partnership Facility), used for Energy and Mining, Water Sanitation and Flood Protection, Agriculture, Fishing, and Forestry. Support for Macroeconomic and Governance trust funds included especially 12 Policy and Human Resources Development (PHRD) and Institutional Development Fund grants, and topics of importance were Law and Justice and Public Administration.[4]

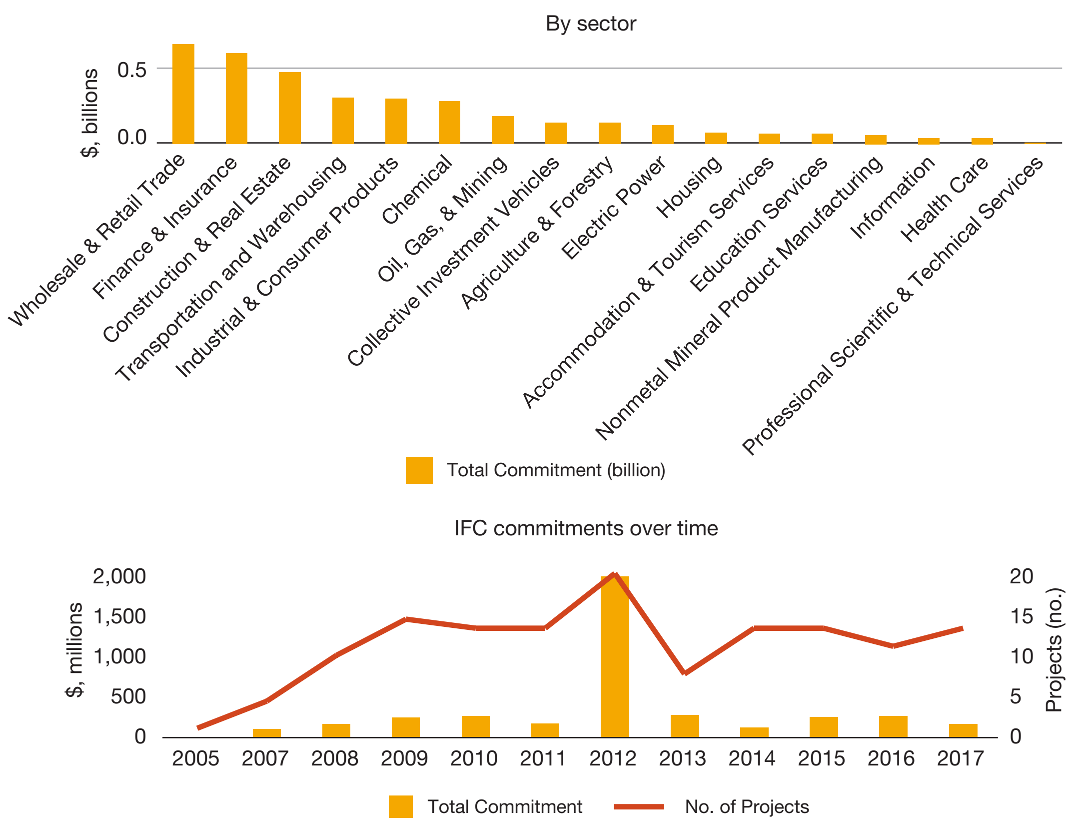
The number of projects at risk and percentage of commitment at risk in Mexico has increased over recent years. Commitments at risk over FY14–16 averaged 15 percent in comparison to a lower percentage of 5.5 percent over FY08–13. Active portfolio management reduced this percentage to 8.4 percent in FY17. Overall, Mexico performed well, with its share of commitments at risk during the period usually lower than the region's, itself lower or equal to the world's average share over the period (17.3 percent and 19.5 percent on average respectively).[5]

IFC and MIGA in Mexico

During FY08–17, IFC had a large active portfolio in Mexico of 122 investment projects, amounting to $3.6 billion. The largest sector in terms of commitment amount over the entire portfolio was Wholesale and Retail Trade (18.4 percent; 3 projects), followed by Finance and Insurance (16.7 percent; 38 projects), and Construction and Real Estate (13.2 percent; 9 projects). New approvals hovered around $200 million a year, but for an increase in FY12 to $1.8 billion; IFC's Advisory Services in Mexico suggest some slowdown, particularly in the second CPS cycle. Thirteen IFC advisory service projects were active during the program period.

MIGA has had relatively little engagement in Mexico as may be expected with its high external credit ratings. However, in 2017, MIGA concluded its first guarantees for a Spanish power sector project in Mexico, for $916 million. The project is one of the first private sector generator initiatives to be implemented under the recently enacted energy sector reform of 2013. It consists of a combined cycle gas turbine generating electricity and selling it to the country's new wholesale energy market broker.

FIGURE D.4. **Net IFC Commitments of Investment Services to Mexico Active, FY08–17**



Source: International Finance Corporation database.

[1] However, the portfolio also includes projects approved before that period and closed within, bringing the total to 63 lending operations, with $19.0 billion in approved commitments

[2] For 3 of the 21 rated projects originated in 2008-17, complete evidence was not available. As a result, strictly speaking, 15 of the 18 rated projects for which evidence was available were rated moderately or satisfactory, equivalent to 83.3 percent. Another lens on project performance evidence is to look at the open and closed projects in 2008-17 period. There were the total of 63 IBRD projects, of which 37 were rated but evidence on rated projects was available for 34 projects. Of the 34, 15 were rated MS and 13 S, combined equivalent to 82.3 percent of projects rated with available evidence.

[3] 7 additional trust funds, approved before the period, closed during the FY08-17 period, bringing the total numbers of Trust Funds considered to 48 and totaling $426.4 million.

[4] 10 IDF grants and 2 PHRD

[5] Available on request and provided in the Mexico CPE approach paper, appendix 5.

Appendix E. World Bank Group Loans and Investments, FY08–17

TABLE D.1. **IBRD Lending for Mexico FY08–17**

No	Proj ID	Proj Name	App. FY	Exit FY	Instrmt	IBRD Commit Amt ($M)	IBRD Disbursements ($M)	GP
1	P088996	MX (CRL2) Integrated Energy Services	2008	2016	INV	15.0	12.0	EEX
2	P101342	MX Affordable Housing DPL III	2008	2008	DPL	200.5	200.5	SURR
3	P106682[a]	MX (AF) Savings & Rur Finance SAG-ARPA	2008	2011	INV	21.0	0.0	SURR
4	P110849	MX Climate Change DPL/DDO	2008	2009	DPL	501.3	501.3	ENR
5	P095510	MX Environmental Sustainability DPL	2009	2009	DPL	300.8	701.8	ENR
6	P106261	MX GEF Sustain. Rural Dev (IBRD)	2009	Active	INV	50.0	74.5	AgGP
7	P106528[c]	MX Results-based Mgmt. and Budgeting	2009	2014	INV	17.2	0.4	GOV
8	P106589	MX IT Industry Development Project	2009	2016	INV	80.0	73.1	T&I
9	P111839[a]	MX (AF-C) Savings & Rural Fin 2nd phase	2009	2013	INV	50.0	0.0	FCI
10	P112258	MX Priv Housing Finance Markets Strength	2009	2013	INV	1,010.0	1,002.8	FCI
11	P114271[b]	MX Customs Institutional Strengthening	2009	2012	INV	10.0	0.0	GOV
12	P115067	MX Support to Oportunidades Project	2009	2014	INV	1,503.8	2,753.8	SP&L
13	P115101	MX Supplement to Env Sustain. DPL	2009	2009	DPL	401.0	0.0	ENR
14	P101369	MX Compensatory Education	2010	2014	INV	100.0	100.0	EDU
15	P107159	MX Urban Transport Transformation Progr	2010	Active	INV	150.0	51.8	T&I
16	P112262	MX Upper Secondary Education DPL	2010	2011	DPL	700.0	700.0	EDU

No	Proj ID	Proj Name	App. FY	Exit FY	Instrmt	IBRD Commit Amt ($M)	IBRD Disbursements ($M)	GP
17	P115347	MX (APL2) School-Based Management	2010	2014	INV	220.0	220.0	EDU
18	P115608	MX Framework for Green Growth DPL	2010	2010	DPL	1,503.8	1,503.8	EEX
19	P116226	MX Social Protection in Health	2010	2013	INV	1,250.0	1,250.0	HNP
20	P116965[b]	MX Influenza Prevention and Control	2010	2011	INV	491.0	0.0	HNP
21	P118070	MX Economic Policies DPL	2010	2010	DPL	1,503.8	1,503.8	MTI
22	P120134	MX DPL Adapt. Climate Change in Wat. Sct	2010	2011	DPL	450.0	450.0	WAT
23	P106424	MX Efficient lighting and appliances	2011	2014	INV	250.6	250.6	EEX
24	P112264	MX Strength. Business Env. for Eco Growth	2011	2012	DPL	751.9	751.9	FCI
25	P121195	MX Efficiency Improvement Program	2011	2016	INV	100.0	100.0	WAT
26	P121800	MX MEDEC Low-Carbon DPL	2011	2012	DPL	401.0	401.0	EEX
27	P122349[a]	MX (AF) Support to Oportunidades	2011	2014	INV	1,250.0	0.0	SP&L
28	P120170	MX Strengthening Social Resilience to CC	2012	2013	DPL	300.8	300.8	SURR
29	P123367	MX Savings and Credit Sector Loan	2012	Active	INV	100.0	64.2	FCI
30	P123505[b]	Canceled MX Fiscal Risk Management DPL	2012	2014	DPL	300.8	0.0	MTI
31	P123760	MX Forests and Climate Change (SIL)	2012	Active	INV	350.0	254.0	ENR
32	P126297	MX 2nd Prog. Upper Secondary Educ DPL	2012	2013	DPL	300.8	300.8	EDU

No	Proj ID	Proj Name	App. FY	Exit FY	Instrmt	IBRD Commit Amt ($M)	IBRD Dis-bursements ($M)	GP
33	P126487[c]	MX MOMET for Improved Clim. Adaptation	2012	2016	INV	105.3	4.7	WAT
34	P130623[a]	MX (AF) Sust. Rural Development	2013	Active	INV	50.0	0.0	AgGP
35	P145578	MX Oaxaca WSS Sector Modernization	2014	Active	P4R	55.0	0.0	WAT
36	P147244	Third Upper Second-ary Education DPL	2014	2016	DPL	300.8	300.8	EDU
37	P147185	MX School-Based Management Project	2015	Active	INV	350.0	123.4	EDU
38	P147212	MX Social Protection System	2015	Active	INV	350.0	263.3	SP&L
39	P149858	MX Reducing Inequality of Educat Opp.	2015	Active	INV	150.0	64.6	EDU
40	P149872	MX PRESEM Munic-ip Energy Efficy Pro.	2016	Active	INV	100.0	0.3	EEX
41	P153338	MX: Expanding Rural Finance	2016	Active	INV	400.0	230	FCI
42	P160309	Mexico Higher Edu-cation Project	2017	Active	INV	130.0	0.0	EDU
43	P157932	Access to Affordable Housing Project	2017	Active	INV	100.0	0.0	SURR
44	P160570	ASERCA	2017	Active	INV	120.0	0.0	AgGP
45	P066321	MX: III BASIC HEALTH CARE PROJECT	2001	Closed	INV	350.0	350.0	HNP
46	P077602	MX Tax Admin Insti-tutional Development	2002	Closed	INV	52.0	52.0	GOV
47	P059161	Intro of Clim-Friendly measures in Transp.	2003	Closed	INV	5.8	5.6	EEX
48	P070108	MX Savings & Credit Sector Strengthening	2003	Closed	INV	64.6	77.6	SURR

No	Proj ID	Proj Name	App. FY	Exit FY	Instrmt	IBRD Commit Amt ($M)	IBRD Disbursements ($M)	GP
49	P035752	MX Irrigation & Drainage Modernization	2004	Closed	INV	303.0	303.0	WAT
50	P035751	MX Community Forestry II (PROCYMAF II)	2004	Closed	INV	21.3	21.3	SURR
51	P080149	MX Decentralized Infrastructure Develop	2004	Closed	INV	108.0	105.4	SURR
52	P087152	MX (CRL1) Savings & Rural Fin. (Bansefi)	2004	Closed	INV	75.5	151.3	SURR
53	P085851	MX Basic Education Dev Phase III	2005	Closed	INV	300.0	298.4	EDU
54	P088080	MX Housing & Urban Technical Assistance	2005	Closed	INV	7.8	2.5	SURR
55	P089865	MX-(APL1) Innov. for Competitiveness	2005	Closed	INV	250.0	250.0	FCI
56	P074755	MX State Judicial Modernization Project	2005	Closed	INV	30.0	13.6	GOV
57	P088728	MX (APL1) School-Based Management Prg	2006	Closed	INV	240.0	240.0	EDU
58	P088732	MX Access to Land for Young Farmers	2006	Closed	INV	100.0	52.6	AgGP
59	P091695	MX Modernization Water & Sanit Sector TA	2006	Closed	INV	25.0	24.8	WAT
60	P087038	MX Environmental Services Project	2006	Closed	INV	45.0	45.0	ENR
61	P085593	MX (APL I) Tertiary Educ Student Ass	2006	Closed	INV	180.0	171.0	EDU
62	P103491[a]	MX Savings and rural Finance Add'l Fin	2007	Closed	INV	29.0	0.0	FCI
63	P080104	Wind Umbrella	2007	Active	INV	12.3		EEX

Source: Business Intelligence.

Note: AgGP = Agriculture; APL = adaptable program loan; CC = Climate Change; EDU = Education; EEX = Energy & Extractives; ENR

= Environment and Natural Resources; FCI = Finance, Competitiveness, and Innovation; GEF = Global Environment Facility; GOV = Governance; GP = Global Practice; HNP = Health, Nutrition, and Population; IBRD = International Bank for Reconstruction and Development; MEDEC = México: Estudio sobre la Disminución de Emisiones de Carbono / Mexico: Study on Diminishing Carbon Emissions; MOMET = National Meteorological Service; MTI = Macroeconomics, Trade and Investment; MX = Mexico; SAGARPA = Ministry of Agriculture, Livestock Production, Rural Development, Fisheries, and Food; SP&L = Social Protection and Labor; TA = technical assistance; T&I = Transport and ICT; SURR = Social, Urban, Rural, and Resilience; WAT = Water; WSS = Water Supply and Sanitation.

a. P106682 (Parent P070108); P111839 (Parent P087152); P122349 (Parent P115067); P130623 (Parent P106261); P103491 Parent P087152).

b. Canceled in full.

c. Canceled substantially.

TABLE E.2. List of IFC Investments in Mexico, FY08–17

No.	Project ID #	Project Name	Commit. Year	Status	Total Commitment ($, millions)	Product	Industry Group
1	34073	Acuagranjas Exp.	2014	Active	10.00	Loan	MAS
2	30545	Alpha Geo	2011	Closed	25.00	Equity	MAS
3	30836	Artha Capital	2011	Closed	25.00	Equity	MAS
4	26328	Bioparques	2008	Active	12.00	Loan	MAS
5	29734	Bioparques 2	2011	Active	5.00	Loan	MAS
6	37826	Bioparques 3	2016	Active	10.00	Loan	MAS
7	26671	Calidra III	2008	Closed	45.00	Loan	MAS
8	28237	Calidra III Swap	2009	Closed	1.00	Swap	MAS
9	31587	Calidra Intl	2012	Active	50.00	Loan/ Syndication	MAS
10	35097	Calidra II Swap	2014	Active	1.11	Swap	MAS
11	38366	CalidraArgentina	2016	Active	22.18	Loan	MAS
12	37840	Cemex Green	2016	Active	62.40	Loan	MAS
13	26323	CentroMedico II	2008	Closed	18.01	Loan	MAS
14	27603	CentroMedico III	2009	Closed	12.00	Loan	MAS
15	37179	Citla Energy	2016	Active	60.00	Equity	MAS
16	26214	City Express	2009	Closed	17.95	Loan	MAS
17	29520	City Express II	2010	Active	20.00	Equity	MAS
18	31837	City Monterrey	2011	Closed	8.17	Loan	MAS
19	31825	City Santa Fe	2011	Active	13.94	Loan	MAS
20	28393	CMPDH I Swap	2009	Closed	1.10	Swap	MAS
21	30229	Comemsa	2011	Active	24.47	Loan	MAS
22	36529	CPLF PuertasFin	2015	Active	2.00	Loan	MAS

No.	Project ID #	Project Name	Commit. Year	Status	Total Commitment ($, millions)	Product	Industry Group
23	31095	Edilar	2012	Active	14.71	Loan	MAS
24	30417	Etileno XXI	2012	Active	285.00	Loan	MAS
25	28680	FINEM SME	2011	Closed	11.25	Loan/ Equity	MAS
26	35041	Finem Swap	2014	Closed	0.50	Swap	MAS
27	32271	GTSF Homex	2012	Closed	214.39	Loan	MAS
28	37664	GTSF Soriana TCM	2015	Closed	26.43	Loan	MAS
29	31999	GTSF-Comer-ci CF	2012	Closed	632.27	Loan	MAS
30	31922	GTSF-Nemak	2012	Active	258.77	Loan	MAS
31	31923	GTSF-Urbi	2012	Active	60.63	Loan	MAS
32	29753	Harmon Hall	2010	Active	7.81	Equity	MAS
33	30281	Hospitaria	2012	Active	10.06	Loan	MAS
34	28587	Mi Tienda	2010	Closed	2.48	Equity	MAS
35	32826	NORSON	2013	Active	40.00	Loan	MAS
36	37803	Norson II	2017	Active	15.45	Loan	MAS
37	28383	Optima En-ergía	2009	Closed	10.00	Loan	MAS
38	31195	Proteak	2012	Active	10.00	Loan	MAS
39	38754	Proteak Exp	2017	Active	37.00		MAS
40	33550	Puertas Finas II	2013	Active	13.00	Loan	MAS
41	33770	Sala Uno	2014	Active	2.27	Equity	MAS
42	29524	Solida RE	2010	Active	50.00	Equity	MAS
43	30445	UAG Univ	2012	Active	45.79	Loan	MAS
44	31548	URBI Verde I	2012	Active	50.00	Loan	MAS
45	26292	Vinte	2008	Closed	22.64	Loan/ Equity	MAS
46	29560	Vinte PCG	2011	Closed	8.38	Partial Guarantee	MAS

No.	Project ID #	Project Name	Commit. Year	Status	Total Commitment ($, millions)	Product	Industry Group
47	38374	Vinte-NuEDGE	2016	Active	17.86	Loan	MAS
48	24189	Pan Ameri-can 2	2008	Closed	4.33	Equity	MAS
49	26206	Agrofinanzas	2008	Closed	1.98	Equity	FMI
50	32065	Agrofinanzas RI	2012	Closed	1.40	Equity	FMI
51	27062	Bajio (add inv2)	2008	Closed	5.00	Rights Issue	FMI
52	28306	Bajio (add inv3)	2009	Closed	4.18	Rights Issue	FMI
53	26298	Bajio (add. inv.)	2007	Closed	13.90	Equity	FMI
54	29485	Bajio (add inv4)	2010	Closed	4.01	Rights Issue	FMI
55	31017	Bajio (add inv5)	2011	Closed	4.23	Rights Issue	FMI
56	35032	Bajio (add inv8)	2014	Closed	4.62	Rights Issue	FMI
57	25782	Banco Amigo	2007	Closed	10.02	Equity	FMI
58	35090	Bankaool RI II	2014	Closed	1.55	Rights Issue	FMI
59	28213	Banorte EQ	2009	Closed	150.00	Equity	FMI
60	33639	CAMESA II	2013	Closed	13.63	Loan	FMI
61	30731	CHG Mex I	2012	Closed	18.41	Loan	FMI
62	29634	Compartamos Loan	2011	Closed	17.31	Loan	FMI
63	38960	Contigo I	2017	Active	7.09	Loan/ Syn-dication	FMI
64	30524	DARP Ban-orte	2012	Closed	69.56	Loan/ Equity	FMI
65	36038	DARP Sec-orse SPV	2016	Active	30.00	Loan	FMI
66	40423	DARP Sec-orse RII	2017	Active	1.29	Equity	FMI

No.	Project ID #	Project Name	Commit. Year	Status	Total Commitment ($, millions)	Product	Industry Group
67	39445	DARP SPV Sec II	2017	Active	29.41	Loan	FMI
68	34538	DCM CAME-SA PCG	2014	Closed	7.41	Partial Guarantee	FMI
69	37284	DCM CAME-SA PCGII	2015	Active	11.44	Partial Guarantee	FMI
70	32407	DCM CS Mex Trust	2013	Active	50.00	Equity	FMI
71	36395	DCM CSMex-TrustII	2015	Active	22.50	Equity	FMI
72	31569	FINAE	2015	Active	2.60	Loan	FMI
73	29129	FinComun	2010	Closed	10.40	Loan	FMI
74	25926	Finterra Line	2009	Closed	1.12	Loan	FMI
75	22302	GMAC WHL	2005	Closed	5.32	Loan	FMI
76	29792	GSC - Pre-ferred	2010	Closed	4.29	Equity	FMI
77	28001	GSC Equity III	2009	Closed	5.74	Equity	FMI
78	30808	GTFP Ban-Bajio	2011	Closed	2.96	Loan	FMI
79	25953	GTFP Banco Monex	2007	Closed	50.88	Loan	FMI
80	34763	GTFP INTER-CAM MX	2014	Closed	5.00	Loan	FMI
81	27501	MC Mexico RI	2009	Closed	0.43	Rights Issue	FMI
82	29030	Mifel	2012	Active	25.00	Equity	FMI
83	26338	Progresemos I	2008	Closed	3.98	Loan	FMI
84	30905	Progresemos III	2012	Active	4.30	Loan/ Equity	FMI
85	36410	Progresemos IV	2015	Active	11.80	Loan	FMI
86	37090	Progresemos Swap	2015	Active	0.40	Swap	FMI
87	39764	Progresemos Swap II	2017	Active	0.25	Swap	FMI

No.	Project ID #	Project Name	Commit. Year	Status	Total Commitment ($, millions)	Product	Industry Group
88	40422	Progresemos Swap III	2017	Active	0.25	Swap	FMI
89	32029	Te Creemos II	2014	Closed	4.98	Equity	FMI
90	26164	Vertice HF / EE	2008	Active	33.10	Loan/ Equity	FMI
91	28096	Vertice RIssue	2009	Closed	0.52	Rights Issue	FMI
92	29509	WCAP Loan	2010	Active	16.15	Loan	FMI
93	28108	WCAPH EQ	2010	Active	15.64	Equity	FMI
94	34151	WCAPH EQ RI I	2013	Active	4.69	Rights Issue	FMI
95	25352	Alta Growth Fund	2007	Active	20.00	Equity	CIV
96	31517	Alta Growth II	2012	Active	15.00	Equity	CIV
97	28086	Alta Ventures	2011	Active	10.00	Equity	CIV
98	34031	Capital Indigo	2014	Active	10.00	Equity	CIV
99	34316	CDK Pine-brigde	2014	Closed	50.00	Equity	CIV
100	27669	Ignia Fund I	2009	Active	10.00	Equity	CIV
101	39422	Igniga Fund	2016	Active	0.02	Rights Issue	CIV
102	39749	Konfio B	2017	Active	3.50	Equity	CIV
103	38101	DCM Vector	2016	Active	5.04	Loan	CIV
104	32871	Aura Solar	2013	Closed	25.32	Loan/ Syn-dicated	EP
105	28070	EDF La Ven-tosa	2010	Active	28.95	Loan	EP
106	28434	EURUS	2010	Closed	71.00	Loan/ Syn-dicated	EP
107	31939	APM Tec II	2013	Active	100.00	Loan	T&H
108	36712	APM Tec II	2015	Active	10.00	Loan	T&H
109	33776	CMSA Man-zanillo	2015	Active	65.00	Loan	T&H

No.	Project ID #	Project Name	Commit. Year	Status	Total Commitment ($, millions)	Product	Industry Group
110	36262	CMSA MZO Swap	2015	Active	1.95		T&H
111	40372	Solem Uno	2017	Active	28.87	Loan	T&H
112	40373	Solem Uno Swap	2017	Active	2.89	Swap	T&H
113	40374	Solem Dos	2017	Active	21.14	Loan	T&H
114	40375	Solem Dos Swap	2017	Active	2.11	Swap	T&H
115	32817	Tuxpan	2015	Active	75.00	Loan	T&H
116	27480	Nasoft	2009	Closed	8.00	Equity	PS&T
117	31420	Nasoft	2012	Closed	0.39	Rights Issue	PS&T
118	28126	Metronet	2010	Closed	5.00	Equity	Info
119	33958	VMLA Mexico	2014	Active	11.25	Loan	Info
120	34745	VMLA MEX Swap	2015	Active	1.20	Swap	Info
121	38474	Wavecatcher	2016	Active	25.00	Equity	Info
122	37983	Trust 196	2016	Active	0.33		Trust

Source: World Bank Group.

Note: IFC Industry groups or sectors. CF = Carbon Fund; CIV = Collective Investment Vehicles; CPLF = Cleaner Production Lending Facility; EP = Electric Power; FMI = Finance and Markets Industry; GTFP = Global Trade Finance Program; GTSF = Global Trade Supplier Facility; Info = Information; MAS = Manufacture, Agribusiness and Service; PS&T = Professional, Scientific & Technical Services; T&H = Transportation and Warehousing.

TABLE E.3. Mexico Trust Funds Active in FY08–17

No	Project ID	Project Name	TF ID	Appr. FY	Closing FY	Amount Apro ($)	TF
1	P106261	MX Sustainable Rural Development	TF 90643	2008	2009	505,000	GEF
2	P100438	Adapt. to CC Impacts, Coastal Wetlands in Gulf ofM	TF 90326	2008	2010	545,000	GEF
3	P104406	MX Fiscal Transparency	TF 91135	2008	2011	500,000	IDF
4	P104290	MX Institutional Strengthening of Con-gress	TF 58294	2008	2011	498,000	IDF
5	P110849	Mexico - Climate Change Development Policy Loan	TF 93086	2010	2012	995,000	PHRD
6	P109696	Creation of a Public Observatory of Municipal Mgt	TF 91989	2009	2012	352,850	IDF
7	P118072	Mexico Influenza A/ H1N1N Prevention	TF 95094	2010	2012	1,700,000	
8	P114889	LAND OWNERSHIP FOR THE RURAL POOR	TF 93681	2009	2012	200,000	GEF
9	P114897	Reducing Impacts of Ranching on Biodiversity	TF 93682	2009	2012	200,000	GEF
10	P098732	Mexico: Sacred Orchids of Chiapas, Cons. Project	TF 91426	2008	2012	837,392	GEF
11	P120170	Strengthening Social Resilience to Climate Change	TF 96061	2011	2012	250,000	SFLAC
12	P120200	Strengthening Statistical Infomation in Yucatán	TF 96286	2011	2012	116,900	
13	P112082	(MX) Building Techn. Cap. to Dev. PPP Pgm Jalisco	TF 93232	2009	2013	200,000	
14	P121771	Strengthening Cash Mgt & Control systems	TF 97593	2011	2013	350,000	IDF
15	P106305	Mexico: Low-carbon bus corridor project	TF 91333	2009	2013	950,000	PHRD

No	Project ID	Project Name	TF ID	Appr. FY	Closing FY	Amount Apro ($)	TF
16	P121116	Sustainable Production Systems and Biodiver-sity	TF 10952	2012	2013	130,000	
17	P120116	Strength. & Consolid. of control Framework of Fed Gov	TF 97295	2011	2014	306,000	IDF
18	P120654	MX GEF Efficient lighting and appliances	TF 98062	2011	2014	50,000,000	GEF
19	P125764	Dev. of control IT system for the Ministry of Pub. Admin.	TF 99123	2012	2015	122,000	SFLAC
20	P125717	Dev. of Professional Competencies of ASF Staff	TF 10934	2012	2015	345,000	IDF
21	P125982	Mexico Institut, Strengthening of Con-gress - Phase II	TF 12026	2012	2015	350,000	IDF
22	P088546	Mexico: Waste Manage-ment and Carbon Offset Project	TF 11024	2012	2015	2,488,915	PCF
23	P120654	MX GEF Efficient lighting and appliances	TF 98465	2011	2016	7,118,600	GEF
24	P095038	MX GEF Integrated Energy Services	TF 91733	2009	2016	15,000,000	GEF
25	P114012	Sustainable Transport and Air Quality	TF 95695	2010	2016	5,378,000	GEF
26	P129968	Oaxaca: Strengthening the State Mgt Capacities	TF 12320	2013	2016	300,000	IDF
27	P144701	Fostering account'y and efficiency in pub. SDel, Puebla	TF 15431	2014	2017	650,000	IDF
28	P100438	Adapt. to CC Impacts, Coastal Wetlands in Gulf ofM	TF 96681	2011	2017	4,500,000	GEF
29	P088546	Mexico: Waste Manage-ment and Carbon Offset Project	TF 10990	2012	2017	1,188,864	PCF
30	P088546	Mexico: Waste Manage-ment and Carbon Offset Project	TF 10991	2012	2017	4,816,000	PCF

No	Project ID	Project Name	TF ID	Appr. FY	Closing FY	Amount Apro ($)	TF
31	P148819	Support to strengthen the micro-region	TF 16613	2015	2018	528,000	IDF
32	P120417	Mexico FCPF Readiness Preparation Grant	TF 10261	2014	2018	3,800,000	FCPF
33	P123760	Mexico Forests and Climate Change Project	TF 11570	2012	2018	16,340,000	
34	P123760	Mexico Forests and Climate Change Project	TF 11648	2012	2018	25,660,000	
35	P108766	Sustainable Rural Devel-opment	TF 93134	2009	2018	10,500,000	GEF
36	P147891	Global Partn'ship, Social Account'y Knowledge Portal	TF 15833	2014	2019	550,000	GPSA
37	P121116	Sustainable Production Systems and Biodiver-sity	TF 12908	2013	2019	11,688,182	
38	P107159	MX Urban Transport Transformation Progr	TF 96291	2010	2019	200,000,000	
39	P131709	Coastal Watersheds Conserv. in Context of CC Proj.	TF 15475	2014	2019	39,518,000	GEF
40	P132533	MX TF Greening Elec-tricity Generation	TF13425	2014		36,000	
41	P145618	MX Sust. Energy Techn. Dev. for Climate Change	TF 19403	2015	2020	16,880,734	GEF
42	P066674	Indigenous and Commu-nity Biodiv. Cons. Proj. (GEF)		2001	2008		GEF
43	P060908	Mexico Mesoamerican Biological Corridor Proj. (GEF)		2001	2010		GEF
44	P065988	Consol. of the Protected Areas System Project (GEF)		2002	2010		GEF
45	P089171	Mexico Environmental Services Project		2006	2011		
46	P077717	GEF Large-Scale Renewable Energy (La Venta 3)		2006	2016		GEF

No	Project ID	Project Name	TF ID	Appr. FY	Closing FY	Amount Apro ($)	TF
47	P106103	AF—Consol. of Protect. areas Syst. Proj. SINAP II - #3		2007	2010		
48	P066426	GEF Hybrid Solar Thermal Agua Prieta II		2007	2016		GEF
	Total					426,394,437	

Source: World Bank Client Connection Downloaded 18-Sep-201.

Note: FCPF = Forest Carbon Partnership Facility; GEF = Global Environment Facility; GPSA = Global Partnership for Social Accountability; IDF = Institutional Development Fund; IT = information technology; PCF = Prototype Carbon Fund; PHRD = Policy and Human Resources Development Fund; PPP = public-private partnerships; SFLAC = Spanish Fund for Latin America and Caribbean; TF = trust fund.

Appendix F. World Bank Group Advisory Services and Analytics, FY08–17

TABLE F.1. World Bank Group AAA projects, approved FY08–17

No.	Proj ID	Project Name	AAA EW	AAA TA	AAA programmatic approach	AAA RAS	Appr. FY	BB+TF Del.	Pillar
1	P110383	AML/CFT Assessment of Mexico	EW				2008	37	FTC
2	P106361	FPDSN: Fee Service Advisory SHF	EW			RAS	2008	224	FTC
3	P101273	MX (SCL) Agricultural Trade	EW				2008	299	GG
4	P101733	MX CPAR Update	EW				2008	156	FTC
5	P101346	MX Electricity Subsidy Study	EW				2008	323	GG
6	P106025	MX Financial Sector Competitiveness	EW				2008	297	FTC
7	P106567	MX Secondary Edu. Programm.I	EW				2008	137	HD
8	P108304	MX (CCH)Low-Carbon Dev. Study	EW				2009	1,158	GG
9	P101358	MX Agriculture PER	EW				2009	280	GG
10	P112567	MX Mex. Alliance for Edu. Quality	EW				2009	148	HD
11	P119779	Mexico ICR ROSC	EW				2011	137	FTC
12	P117971	Third SHF Fee For Services	EW			RAS	2011	494	FTC
13	P122021	CA -MX SD Strat. Muncip. O.P. Blanco		TA			2012	0	GG
14	P120524	FIRST #9051 Mexico: Fin. Crisis Prep. TA		TA			2012	0	FTC
15	P127554	FSAP Mexico	EW				2012	458	FTC
16	P125795	Mexico: Royalties Reform for Mining Sec		TA			2012	0	GG
17	P126616	MX (FBS) 2011 Advisory Services for PFM		TA		RAS	2012	0	FTC

No.	Proj ID	Project Name	AAA EW	AAA TA	AAA program-matic approach	AAA RAS	Appr. FY	BB+TF Del.	Pillar
18	P106709	MX Health System Modernization	EW		program-matic approach		2012	467	HD
19	P128522	MX Poverty Employ-ment Social KAS		TA	program-matic approach		2012	0	FTC/ HD
20	P122802	MX Progr Knowl-edge Advisory Serv in PS		TA	program-matic approach		2012	0	FTC
21	P116628	MX RAS PEMEX Strategic Assess-ment		TA		RAS	2012	0	GG
22	P112024	MX Social Impacts of Climate Change	EW				2012	318	GG
23	P116549	MX Southern States Sustainable Dev.		TA			2012	0	GG
24	P127214	MX Sustainable Urban Dev. in MX Cities		TA			2012	0	GG
25	P120697	MX Universal Health Coverage		TA	program-matic approach		2012	0	HD
26	P116169	MX Social Protec-tion for Poor		TA	program-matic approach		2012	0	FTC/ HD
27	P123123	MX(FBS)Yucatán Foundation State M&E Syst		TA		RAS	2012	0	FTC/ HD
28	P112959	Energy Subsidies and Env MoU		TA			2013	0	GG/ JJ
29	P143218	MX - (JIT) Citizen Security		TA			2013	0	FTC
30	P132506	MX - JIT Wkshp on Options for Gas Utiliz		TA			2013	0	GG
31	P119943	MX Addressing Mexico's Wat. Chal-lenges		TA			2013	0	GG

No.	Proj ID	Project Name	AAA EW	AAA TA	AAA programmatic approach	AAA RAS	Appr. FY	BB+TF Del.	Pillar
32	P130076	MX Developing Markets for Risk Mngmt		TA			2013	0	FTC
33	P123248	MX Fiscal Federalism		TA			2013	0	FTC
34	P128130	MX Housing FTC Program in Mexico		TA			2013	0	GG
35	P129942	MX PKS Fiscal Management TA		TA	programmatic approach		2013	0	FTC
36	P129043	MX Policy Notes		TA			2013	0	FTC
37	P131285	MX RAS Commodity Price Risk Mgmt JIT		TA		RAS	2013	0	GG
38	P132084	MX RAS JIT SIDAFF Implementation		TA		RAS	2013	0	FTC
39	P105849	Subnational Climate Change Plans		TA			2013	0	GG
40	P147313	Mexico-Innovative Entrepreneur Forum		TA			2014	0	FTC
41	P130161	MX Agriculture Insurance Market Review		TA			2014	0	GG
42	P150097	MX Energy consumption and Income	EW				2014	0	GG
43	P122665	MX Financial Capabilities Assessment		TA			2014	0	FTC
44	P128775	MX Improving Skills for Labor Prod PKS		TA	programmatic approach		2014	0	HD
45	P145817	MX JIT Fin Literacy IE Mucho Corazon		TA			2014	0	FTC
46	P129698	MX PKS - Social Protection and Health		TA	programmatic approach		2014	0	HD
47	P117624	MX Urban Transport Sector MoU		TA			2014	0	GG

No.	Proj ID	Project Name	AAA EW	AAA TA	AAA programmatic approach	AAA RAS	Appr. FY	BB+TF Del.	Pillar
48	P122166	MX Water Sector Adapt. Tech. Coop. Pgr		TA			2014	0	GG
49	P150391	National Competition Commission Support		TA			2014	0	FTC
50	P150476	Oxaca Regulatory Barriers to Competition		TA			2014	0	FTC
51	P147382	Competition reform in Mexico State		TA			2015	0	FTC
52	P147308	Competition Reform in Tabasco State		TA			2015	0	FTC
53	P152128	Guanajuato RAS Evidence for Policy		TA		RAS	2015	0	FTC/ HD
54	P155777	Integration of Mexico Health System		TA			2015	0	HD
55	P154971	Knowledge Sharing Workshop on SEZ		TA			2015	0	FTC
56	P144364	Mexico#10288 Contingency Plan for CFIs.		TA			2015	0	FTC
57	P146961	MX Acapulco WSS \ Urban Env. Services		TA			2015	0	GG
58	P148281	MX Baseline for sectoral GHGs offsets		TA		RAS	2015	0	GG
59	P151149	MX Fiscal Challenges - Expenditure		TA			2015	0	FTC
60	P151148	MX Fiscal Challenges - Revenues		TA			2015	0	FTC
61	P151725	MX Gender		TA			2015	0	HD
62	P151724	MX Migrants		TA			2015	0	HD
63	P147906	Gas Flaring Reduction in Mexico		TA			2016	675	GG

No.	Proj ID	Project Name	AAA EW	AAA TA	AAA programmatic approach	AAA RAS	Appr. FY	BB+TF Del.	Pillar
64	P119024	MX RAS Federal Urban Transport Policy		TA		RAS	2015	0	GG
65	P130848	MX RAS Programmatic Engagt in DRM		TA		RAS	2015	0	GG
66	P151210	MX RAS: IFT - Shared Wholesale Network		TA		RAS	2015	0	GG
67	P148624	MX SFP Strengthening the Govt Ext. Audit		TA			2015	0	FTC
68	P151150	MX Subnational Fiscal Challenges		TA			2015	0	FTC
69	P151415	National Center for Hydrocarbons Informa		TA			2015	0	GG
70	P152165	Oaxaca Increasing Social Prosperity		TA			2015	0	FTC/ HD
71	P148625	Oaxaca: Gov. Accounting Harmonization		TA			2015	0	FTC
72	P154124	Studies to Support Opportunidades Pgm		TA			2015	0	FTC/ HD
73	P145045	Subnational Doing Business in Mexico V	EW				2015	239	FTC
74	P154122	Unemployment Insurance		TA			2015	0	FTC/ HD
75	P150675	Addressing Contaminated Sites		TA			2016	0	GG
76	P155180	Anti-money Laundering Certification		TA			2016	0	FTC
77	P158513	Assessment of Baja California’s IP		TA			2016	0	FTC
78	P159370	Building regional knowledge networks		TA			2016	0	GG

No.	Proj ID	Project Name	AAA EW	AAA TA	AAA programmatic approach	AAA RAS	Appr. FY	BB+TF Del.	Pillar
79	P154972	Building Shock Absorbers	EW				2016	10	FTC
80	P157021	Commercial Real Estate Price Index CREPI		TA			2016	0	FTC
81	P153340	Env. support to Hydrocarbon Agency		TA			2016	0	GG
82	P154980	Financial services by nonbanks	EW				2016	144	FTC
83	P152808	MX RAS Improving Evidence Based Policy			programmatic approach	RAS	2017	7	FTC/ HD
84	P149767	IMSS efficiency and effectiveness		TA			2016	0	HD
85	P150646	Mexico Public Expenditure Review	EW			RAS	2016	1,097	FTC
86	P154663	Minimum wage and productivity		TA			2016	0	FTC/ HD
87	P160052	MX Audit Regulation Initial TA CNBV		TA			2016	0	FTC
88	P148278	MX CC & Cross-Sector Env. Mgmt.		TA			2016	0	GG
89	P148277	MX Green incl. growth-Yucatán Peninsula		TA			2016	0	GG
90	P148273	MX Green Inclusive Growth in Hidalgo		TA			2016	0	GG
91	P147194	MX Institutional Work on Env Safeguards		TA			2016	0	GG
92	P150380	MX RAS Housing Policy & Housing FTC		TA		RAS	2016	0	GG
93	P150092	MX RAS Mgmt Plan Cutzamala Water Syst		TA		RAS	2016	0	GG

No.	Proj ID	Project Name	AAA EW	AAA TA	AAA programmatic approach	AAA RAS	Appr. FY	BB+TF Del.	Pillar
94	P129050	MX RAS Oaxaca Public Sector Mgt		TA		RAS	2016	0	FTC
95	P157058	MX RAS Phase 2: Cutzamala		TA		RAS	2016	0	GG
96	P147311	MX Solid Waste Mgmt		TA			2016	0	GG
97	P131200	MX TF Carbon Capture, Utilization & Stor		TA			2016	0	GG
98	P133243	MX Urbanization Review	EW				2016	430	GG
99	P155064	Oaxaca Judiciary RAAP		TA			2016	0	FTC
100	P155079	Productivity catch up at firm-level	EW				2016	10	FTC
101	P149899	Regional Event on Health Promotion/ PSIA		TA			2016	0	HD
102	P153095	Sovereign DRFI: evaluation and evidence		TA			2016	0	GG
103	P150637	Strengthening Banking RBS		TA			2016	0	FTC
104	P150341	Study on Tax Compliance in Mexico City		TA			2016	0	FTC
105	P150408	The SPSH governance and accountability	EW				2016	14	HD
106	P162591	DB Reform Memorandum		TA			2017	16	FTC
107	P155080	How markets work: analysis using prices	EW				2017	124	FTC
108	P159062	LC1: Access to Green Climate Fund		TA			2017	77	GG
109	P159016	Mexico FSAP Update	EW				2017	517	FTC

No.	Proj ID	Project Name	AAA EW	AAA TA	AAA programmatic approach	AAA RAS	Appr. FY	BB+TF Del.	Pillar
110	P155528	MX RAS Des. Standard Oral Com. Lawsuits		TA		RAS	2017	240	FTC
111	P155477	MX RAS Guanajuato II-Evidence for Policy		TA		RAS	2017	126	FTC/ HD
112	P157342	MX RAS Morelos - Evidence for Policy		TA		RAS	2017	96	FTC/ HD
113	P156949	MX RAS Veracruz Public Sector Mgt		TA		RAS	2017	289	FTC
114	P154121	National Beneficiary Registry		TA			2017	0	FTC/ HD
115	P155282	Subnational Doing Business in Mexico 6	EW				2017	310	FTC
116	P159589	CL4D SEZ in Mexico		TA			2017	50	FTC
117	P156729	Mexico Informal Transit Reform Support		TA			2017	293	GG
118	P146483	MX RAS Jalisco Evidence Policy Making		TA		RAS	2017	456	FTC/ HD
119	P147354	MX RAS Support to INADEM		TA		RAS	2017	247	FTC
120	P158402	MX RAS Support to INADEM II		TA		RAS	2017	16	FTC
121	P163166	Oaxaca DB Reform Memo		TA			2017	27	FTC
122	P148162	MX Social Protection System Programmatic Approach II			programmatic approach		2017	244	FTC/ HD
123	P154294	MX RAS Banxico Programmatic			programmatic approach	RAS	2017	22	FTC
124	P153947	MX Poverty & Equity Diagnostics		TA			2015	0	FTC/ HD

No.	Proj ID	Project Name	AAA EW	AAA TA	AAA programmatic approach	AAA RAS	Appr. FY	BB+TF Del.	Pillar
125	P147899	MX Urban & Housing programmatic approach			programmatic approach		2017	474	GG
126	P150117	MX Increasing Edu. Accountability; Comm-Based Pedagogical Assistants in Rural MX	EW				2017	273	HD
127	P150318	Mexico Supporting Edu. Eval. Agenda			programmatic approach		2017	583	HD
128	P158258	MX Integrated Management of Ag Output		TA			2017	184	GG
129	P150659	Evaluation of Credit Guarantee Program	EW				2016	87	FTC
130	P133788	MX programmatic approach Sound Fin. Sector Dev.			programmatic approach		2016	190	FTC
131	P150063	programmatic approach Oaxaca Engagement Mexico			programmatic approach		2016	0	FTC
132	P132906	Prgmmatic Approach for Pub. Sector, MX			programmatic approach		2016	401	FTC
133	P149131	MX Urban Environmental Services			programmatic approach		2016	94	GG
134	P146340	Prgmmatic Approach for Env. & CC Pol.			programmatic approach		2016	413	GG
135	P146241	Strengthening DRM in Mexico			programmatic approach		2016	213	GG
136	P148185	programmatic approach- Citizen Security in Mexico			programmatic approach		2016	224	GG

No.	Proj ID	Project Name	AAA EW	AAA TA	AAA programmatic approach	AAA RAS	Appr. FY	BB+TF Del.	Pillar
137	P149713	Youth Idleness in LatAm: Quant. & Qual. Evidence from Mexico	EW				2016		HD
138	P148297	LC1 Municipal Energy Efficiency Prg in Mexico and Colombia		TA			2016	249	GG
139	P133559	MX Poverty & Equity programmatic approach			programmatic approach		2015	877	HD
140	P143967	MX Fiscal Challenges PKS			programmatic approach		2015	497	FTC
141	P149030	LAC Outreach for Climate Legislation		TA			2015	1205	GG
142	P132987	Agriculture Risk Management in Mexico			programmatic approach		2015	105	GG
143	P153949	MX Productivity		TA			2015	0	FTC/ HD
144	P153992	MX Poverty Eradication		TA			2015	0	FTC/ HD
145	P101567	(FFS) CONEVAL Monitoring & Evaluation		TA		RAS	2008		FTC/ HD
146	P106210	MX (FFS) Guerrero State DevPlan		TA		RAS	2008	291	FTC
147	P106230	MX (FFS) Adv. Serv. for Ref. of SHCP		TA		RAS	2008	312	FTC
148	P106419	Results-Based Management and Evaluation framework in SEDESOL		TA			2008	152	FTC/ HD
149	P109739	SEDESOL: Increasing the Productivity of the Poor		TA			2008	63	FTC/ HD
150	P104740	MX - Banobras Strategy		TA			2008	144	FTC

No.	Proj ID	Project Name	AAA EW	AAA TA	AAA programmatic approach	AAA RAS	Appr. FY	BB+TF Del.	Pillar
151	P111122	Mexico - International Conference on Results-Based Budgeting		TA			2008	447	FTC
152	P110474	Mexico Massive Urb. Transport Fed. Pgm		TA			2009	123	GG
153	P114425	Mexico - Fee Advisory Services for the State of Queretaro		TA		RAS	2009	189	FTC
154	P104731	Carbon FTC Assist Program for Mexico		TA			2009	143	GG
155	P108417	MX Treasury's Office Reform		TA			2009	201	FTC
156	P111257	MEXICO: Global Catastrophe Mutual Bond Risk Modeling for Mexico		TA			2010	348	FTC
157	P112539	MX Sharing Intn'l Experiences in WSS		TA			2009	12	GG
158	P103871	Consolitating Mexico's Integrated Financial Management System (FBS)		TA		RAS	2010	1247	FTC
159	P115917	MX Yucatán: Strengthening of the State's Stat., Geog.and Eval. Info. System (FBS)		TA		RAS	2010	213	FTC/ HD
160	P116539	Mexico SEDESOL FFS: Improving the Productivity of the Poor (FBS)		TA		RAS	2010	114	FTC/ HD
161	P117527	Mexico Poverty and Nutrition Maps Fee for Services (FBS)		TA		RAS	2010	84	FTC/ HD
162	P108191	Mx Public Sector Advisory Services (MOU)		TA			2010	126	FTC

No.	Proj ID	Project Name	AAA EW	AAA TA	AAA programmatic approach	AAA RAS	Appr. FY	BB+TF Del.	Pillar
163	P110047	Mexico Accounting Harmonization among Subnational Governments		TA			2010	139	FTC
164	P111969	MX Flagship Local Interventions in the Water Sector		TA			2010	140	GG
165	P113759	Mexico Poverty Employment Social Memorandums of Understanding for FY10		TA			2010	331	FTC/ HD
166	P114097	Mexico FTC and Competitiveness		TA			2010	339	FTC
167	P114892	MX Energy Sector MoU		TA			2010	241	GG
168	P118546	SEDESOL Child Care for Female Labor Force Participation in Mexico		TA			2010	37	FTC/ HD
169	P120569	Mexico Poverty and Employment Knowledge and Coord. Services MOU		TA			2010	103	FTC/ HD
170	P146293	MX Productivity Democratization			programmatic approach		2014		FTC
171	P149267	Support to the MX Government on ICT			programmatic approach		2014		FTC
172	P150562	MX Prgmmatic Approach for Energy Sec.			programmatic approach		2014		GG
173	P156617	MX Poverty and Equity programmatic approach			programmatic approach		2016		HD
174	P161933	MX Financial Sector programmatic approach			programmatic approach		2017		FTC

Source: Business Intelligence.

Note: AAA = analytic and advisory activities; CC = Climate Change; CNBV = Comisión Nacional Bancaria y de Valores (National Banking and Stocks Commission); CONEVAL = Consejo Nacional de Evaluación de la Politica de Desarrollo Social (National Council for the Evaluation of Social Development Policy); DRM = Natural Disaster Risk Management; EW = economic and sector work; FBS = fee-based service; FFS = fee for service; FTC = Finance Trade and Competitiveness; GG = green growth; GHG = greenhouse gas; HD = Human Development; ICT = information and communication technology; INADEM = Institute for Entrepreneurship; LAC = Latin America and the Caribbean; M&E = monitoring and evaluation; MOU = memorandum of understanding; MX = Mexico; PKS = programmatic knoweldge series; PSIA = Poverty and Social Impact Analysis; RAAP = Rapid Assessments and Action Plans; SEDESOL = Secretariat of Social Development; SEZ = special economic zone; SHCP = Secretaría de Hacienda y Crédito Público (Ministry of Finance); SHF = Sociedad Hipotecaria Federal (Federal Mortgage Company); SPSH = Social Protection System in Health; TA = technical assistance; WSS = Water Supply and Sanitation.

TABLE F.2. List of IFC Advisory Services in Mexico, Approved FY 08–17

No.	Proj ID	Name	Comm. Year	Amount (Thds of USD)	Funding	Related to IFC Client
1	550005	Microcredit Mex TA	2008	650,000	FMTA-AS-A2F	Yes
2	554907	SRsp Petstar AS - Social Res Program	2008	95,000	Donor	Yes
3	560850	Business Reg. Simplificat., State of MX	2008	403,090	IFC region	No
4	561306	Progresemos	2008	1,259,288	IFC region	Yes
5	567848	HF Cajas Mexico	2009	380,000	SHF	No
6	558765	Mexico CG Forum Project	2008	146,000	Trust Fund	No

7	575848	Finterra	2010	137,800	Donor and Client	Yes
8	583007	SEF Mexico	2011	1,217,117	Climate Change, A2F	No
9	585307	Subnational DB Mexico Phase 4	2011	128,672	Indetec Mexico	No
10	599589	Puebla Bus Rapid Transit PPP	2013	855,000	MOT[a]	No
11	600332	Puertas Finas Resource Efficiency	2014	77,692	Client	Yes
12	600356	Laureate Results Management	2014	153,846	Client 60 percent	Yes
13	601834	Los Cabos Solid Waste	2017	1,092,420	Client to pay $150,000[b]	No

Source: International Finance Corporation Advisory Services extracts as of August 23, 2017.

Note: IFC = International Finance Corporation; PPP = public=private partnerwhipe; SHF = Sociedad Hipotecaria Federal (Federal Mortgage Company); TA = technical assistance.

a. Client Retainer $150,000 success fee; $850,000 successful bidder.

b. Client to pay $150,000 retainer balance of fees through success fee of $1.3 million from PPP winning bidder.

TABLE F.3. **Analytical and Advisory Work - Programmatic Approaches**

No.	Proj ID	Prod Line	App FY	Deliv FY	Name	No. of AAA	Practice	ESW Cost BB+TF
1	P106709	EW/PA	2008	2012	Mx Health System Modernization	n/a	HNP	467.4
2	P116169	TA/ PA	2009	2012	Programmatic AAA on SP for the Poor in Mexico	n/a	SP&L	
3	P120697	TA/ PA	2011	2012	Universal Health Coverage Phase II	n/a	HNP	
4	P122802	TA/ PA	2011	2012	PKAS[a] in Public Sector	n/a	GOV	

No.	Proj ID	Prod Line	App FY	Deliv FY	Name	No. of AAA	Practice	ESW Cost BB+TF
5	P128522	TA/PA	2012	2012	Poverty Employment Social KAS	n/a	POV	
6	P128775	TA/PA	2012	2014	Mexico PKS - Improving skills for enhanced labor market productivity	n/a	EDU	
7	P129698	TA/PA	2012	2014	Mx PKS Social Protection and Health	n/a	SP&L	
8	P129942	TA/ PA	2012	2013	Mx PKS Fiscal Management	n/a	MFM	
9	P143967	PA	2013	2015	MX Fiscal Challenges PKS[b]	3	MFM	496.8
10	P132987	PA	2015	2015	Agriculture Risk Mgmt in Mexico[c]	2	AGR	105.3
11	P133559	TA/PA	2015	2015	MX Poverty & Equity PA[d]	5	POV	876.5
12	P132906	PA	2016	2016	PA for Public Sector in Mexico[e]	4	GOV	401.4
13	P133788	PA	2016	2016	MX PA Sound Financial Sector Development[f]	4	F&M	189.8
14	P146241	PA	2016	2016	Strengthening DRM in Mexico	2	SURR	213.0
15	P146340	PA	2016	2016	PA for Env. and Climate Change Policies	4	ENR	413.1
16	P148185	PA	2016	2016	PA- Citizen Security in Mexico	1	SURR	223.8
17	P149131	PA	2016	2016	MX Urban Environmental Services	6	ENR	93.9
18	P150063	PA	2016	2016	PA Oaxaca Engagement Mexico[g]	3	GOV	

No.	Proj ID	Prod Line	App FY	Deliv FY	Name	No. of AAA	Practice	ESW Cost BB+TF
19	P147899	PA	2017	2017	MX Urban & Housing PA	2	SURR	474.4
20	P148162	PA	2017	2017	MX Social Protection System PA II	8	SP&L	243.6
21	P150318	PA	2017	2017	Mexico Supporting Edu. Evaluation Agenda	1	EDU	582.9
22	P152808	PA	2017	2017	MX RAS Improving Evidence Based Policy	4	POV	7.0
23	P154294	PA	2017	2017	MX RAS Banxico Programmatic	1	F&M	22.3
24	P146293	PA	2014	2018	MX Productivity Democratization	16	T&C	
25	P149267	PA	2014	2018	Support to the Gov. of Mexico on ICT	1	T&I	
26	P150562	PA	2014	2018	MX PA for Energy Sector	3	EEX	
27	P156617	PA	2016	2018	MX Poverty and Equity programmatic approach	2	POV	
28	P161933	AA	2017	2019	MX Financial Sector programmatic approach	2	F&M	
	Total					74		4,810.9

Source: World Bank Business Intelligence July 10, 2017, Mexico Performance and Learning Review 2017.

Note: Programmatic approach includes its predecessors, the programmatic knowledge series (PKS) and programmatic AAA, as well as programmatic approaches approved during FY08–17. Shaded projects were approved, but not delivered within the period. AAA = analytic and advisory activities; AGR = Agriculture; BB = Bank funded product ;DRM = Natural Disaster Risk Management; EDU = Education; EEX = Energy and Extractives; ENR = Environment and Natural Resources; F&M = Finance and Markets; GOV = Governance; HNP = Health, Nutrition, and Population; MFM = Macroeconomics and Fiscal Management; SPL = Social Protection and Labor; PA = programmatic approach; POV = Poverty; T&C = Trade and Competitiveness; T&I = Transport and ICT; TF = trust fund; SURR = Social, Urban, Rural, and Resilience; WAT = Water.

a. Programmatic Knowledge Advisory Services

b. Revenues, Expenditures and subnational

c. RAS—Commodity Risk Management; Agr. Ins. Review

d. Migrants gender, Poverty and Eq diagnostics, Productivity and Pov eradication

e. Oaxaca PSM, Oaxaca Govt Accounting, Mx SFP External Audit, Tax Compliance in Mx City

f. Risk-based supervision, Credit Guarantee prog, SME Access to FTC, Anti-Money Laundering

g. Oaxaca Social Prosperity, Oaxaca Judiciary Rapid Assessments and Action Plans (RAAP), Coop financial institutions (DRM).

TABLE F.4. Analytical and Advisory Work and Reimbursable Advisory Services

No.	Proj ID	ProdLine	Appr. FY	Name	ESW Cost BB+TF
1	P101567	TA	2008	(FFS) CONEVAL Monitoring & Evaluation	
2	P106210	TA	2008	MX (FFS) Guerrero State DevPlan	290.9
3	P106230	TA	2008	MX (FFS) Adv. Serv. for Ref. of SHCP	311.9
4	P106361	EW	2008	FPDSN: Fee Service Advisory SHF	224
5	P114425	TA	2009	Mexico - Fee Advisory Services for the State of Queretaro	189
6	P103871	TA	2010	Consolitating Mexico's Integrated Financial Management System (FBS)	1,247.0
7	P115917	TA	2010	MX Yucatán: Strengt. of the State's Stat. Geo. and Eval. Info. Syst. (FSB)	213.2
8	P116539	TA	2010	Mexico SEDESOL FFS: Improving the Productivity of the Poor (FBS)	114.0
9	P117527	TA	2010	Mexico Poverty and Nutrition Maps Fee for Services (FBS)	84.2
10	P117971	EW	2011	Third SHF Fee for Services	494
11	P126616	TA	2012	MX (FBS) 2011 Advisory Services for PFM	

No.	Proj ID	ProdLine	Appr. FY	Name	ESW Cost BB+TF
12	P116628	TA	2012	MX RAS PEMEX Strategic Assessment	
13	P123123	TA	2012	MX(FBS)Yucatán Foundation State M&E Syst	
14	P131285	TA	2013	MX RAS Commodity Price Risk Mgmt JIT	
15	P132084	TA	2013	MX RAS JIT SIDAFF Implementation	
16	P152128	TA	2015	Guanajuato RAS Evidence for Policy	
17	P148281	TA	2015	MX Baseline for sectoral GHGs offsets	
18	P119024	TA	2015	MX RAS Federal Urban Transport Policy	
19	P130848	TA	2015	MX RAS Programmatic Engagement in DRM	
20	P151210	TA	2015	MX RAS: IFT - Shared Wholesale Network	
21	P150380	TA	2016	MX RAS Housing Policy & Housing FTC	
22	P150092	TA	2016	MX RAS Mgmt Plan for Cutzamala Water Sys	
23	P129050	TA	2016	MX RAS Oaxaca Public Sector Management	
24	P157058	TA	2016	MX RAS Phase 2: Cutzamala	
25	P150646	EW	2016	Mexico Public Expenditure Review	1,097
26	P152808	Program-matic approach	2017	MX RAS Improving Evidence Based Policy	7.0
27	P155528	TA	2017	MX RAS Des. Standard Oral Com. Lawsuits	240.0
28	P155477	TA	2017	MX RAS Guanajuato II-Evidence for Policy	126.0
29	P157342	TA	2017	MX RAS Morelos - Evidence for Policy	96.0
30	P156949	TA	2017	MX RAS Veracruz Public Sector Management	289.0
31	P146483	TA	2017	MX RAS Jalisco Evidence Policy Making	456.0
32	P147354	TA	2017	MX RAS Support to INADEM	247.0
33	P158402	TA	2017	MX RAS Support to INADEM II	16.0
34	P154294	Program-matic approach	2017	MX RAS Banxico Programmatic	22.3
	Total				5,763.8

Source: World Bank Business Intelligence as of July 10, 2017, updated to reflect FY17.

Note: RAS includes its predecessors the FFS, FBS, and other projects known to have been reimbursed. CONEVAL = Consejo Nacional de Evaluación de la Politica de Desarrollo Social (National Council for the Evaluation of Social Development Policy); BB = Bank funded product ; DRM = Natural Disaster Risk Management; EW = economic and sector work; FBS = fee-based service; FFS= fee for service; GHG = greenhouse gas; INADEM = Institute for Entrepreneurship; M&E = monitoring and evaluation; PFM = public financial management; RAS = Reimbursable advisory services; SHCP = Secretaría de Hacienda y Crédito Público (Ministry of Finance); SHF = Sociedad Hipotecaria Federal (Federal Mortgage Company); TA = technical assistance; TF = trust fund.

Appendix G. World Bank Group Advisory Services and Analytics in Mexico

Highlights

- The Independent Evaluation Group's examination of Mexico's Advisory Services and Analytics (ASA) is reviewed in two broad dimensions, results achieved and World Bank performance, with five subdimensions each; results achieved surpass World Bank performance.
- Findings are highly positive overall, and the range of variation is low, though there is heterogeneity not only across pillars, but also across tasks and subpillars.
- In terms of results, the World Bank's highest scores are in building a knowledge base for Mexico and in imparting technical assistance, its lowest are in underpinning World Bank operations.
- In terms of World Bank performance, the World Bank did well in terms of relevance and timeliness, as outputs closely aligned with National Development Plans, and informed major reforms. Technical quality of World Bank ASA was generally high.
- Achieving Client buy-in and stakeholder ownership was sometimes difficult, and in a few cases, dissemination to key stakeholders was limited
- Programmatic approaches enhance partnership and allow sustained engagement. However, they may encourage a more random selection of areas of engagement, some of which have limited subsequent ownership or traction.
- In Mexico, the process of setting up a programmatic approach, and subsequent annual reporting, can have a cost in terms of bureaucratic requirements.
- Reimbursable advisory services (RASs) augmented resources and were effectively used at all levels of government.
- RASs sometimes focused primarily on technical rather than policy inputs to the government; in some cases, RASs were confidential, limiting their availability to the rest of the World Bank's knowledge base.

Evaluating Mexico’s Advisory, Technical Assistance and Knowledge Programs

Mexico’s extensive program of advisory and knowledge work outnumbered its lending portfolio. These activities sought to: guide the policy choices of the Mexican government; augment the capacity of Mexico’s institutions, many at the subnational level; build bridges across institutions when the topic straddled official institutional boundaries; inform development partners; and guide the design of World Bank interventions.

During FY08–17, Mexico undertook 169 ASA activities, including technical assistance, with a trend increase over time. Mexico was unusual in the proportion of these activities paid-for by the Mexican government through fee-for-service or reimbursable advisory services (RASs); 34 in all. Moreover, the knowledge program featured a large volume of programmatic multiyear knowledge activity, initially known as programmatic knowledge services, later formalized to programmatic approaches; over the period, 28 were identified with 74 associated subactivities.

Evaluating World Bank Group ASA programs is particularly challenging due to the absence of an accepted Bank Group or Independent Evaluation Group (IEG) methodology for ASA, and to the absence of systematic statements of objectives and subsequent self-evaluations of results. In Mexico, evaluation challenges are compounded by the different vehicles for ASA, which raise questions as to the best vehicles for delivery of ASA. The analytical template below builds on recent good practice, notably in IEG’s Knowledge-Based Country Programs thematic evaluation, and previous country evaluations.[1] It first reviews all ASA, grouped by cluster of activity, within the pillars of analysis of this evaluation.[2] It distinguishes between the ***results*** of ASA, and ***Bank Group performance*** in terms of the design and implementation of the activities. Since many ASA activities lack a defined results framework, IEG evaluated ***results*** implicit in country partnership strategy discussions and in feedback received from clients in providing: (i) a knowledge base for government policy formulation; (ii) technical assistance and institutional support at national and subnational institutions; (iii) inputs for the design of World Bank operations; (iv); convening support across agencies; and (v) influencing knowledge/ policy applicable in other countries. The assessment of Bank Group performance focused on: (i) relevance and timeliness of the activity relative to country needs; (ii) technical quality; (iii) stakeholder ownership and engagement; (iv) cost effectiveness efficiency; and (v) dialogue and dissemination after task completion.

In addition to the overall review of ASA, IEG supplemented its findings with two additional reviews focused on the mode of delivery of ASA: the programmatic approaches, and Reimbursable or fee-for-service activities (RASs), questioning whether these vehicles present any particular advantages or disadvantages for the World Bank and the client, testing the assumptions implicitly underlying these approaches, and their common critiques offered-up by World Bank and external discussants. Thus, for programmatic approaches, IEG reviewed the extent to which they (i) encouraged the forging of a partnership with the government in terms of topic selection and areas of importance; (ii) provided vehicles for sustained engagement and systematic sectoral knowledge building; (iii) and helped establish certainty of engagement; whether subelements were (iv) strategically selected, and (v) logically sequenced over time.

For reimbursable or fee-for-service activities, IEG asked whether (i) the RAS approach significantly supported resource availability for the task; (ii) the RAS feature help ensure client demand/satisfaction/use; but also, the extent to which (iii) the RAS approach may have constrained the World Bank from providing tough messages; (iv) RASs may have been used primarily for 'how to' technical level implementation inputs as opposed to 'what', or high-level policy advice; and finally (v) the work on the RAS was made available to wider audiences, or constrained from such wider circulation.

The findings are subject to caveats, notably the difficulty of establishing both a common scale of judgment for such one-time-only exercises and results across such heterogeneous activities. IEG implicitly weighted importance by focusing first and foremost on the larger and more important activities undertaken.

Findings

Results of World Bank Group Advisory Services and Analytics

Overall, World Bank ASA was remarkably positively rated both in terms of results (R1-R5) and Bank performance (B1-B5). About 82 percent of all ASA activities were rated satisfactory or highly satisfactory and the percentage rises to 97 when moderately satisfactory activities were included (table 1). Although variations exist between areas of activity, and across questions addressed, the range of variation is low despite having been ascribed independently by a team of eight IEG staff and consultants.

In terms of findings across questions regarding results of knowledge work, results were the most uniformly satisfactory in terms of the provision of a knowledge base for government policies and programs (R1), with six highly satisfactory results across the 17 clusters, closely followed by the provision of technical assistance to institutions in Mexico (R2) (five highly satisfactory, but two moderately satisfactory and one not rated result). Providing convening support to stakeholders (R4) followed closely, though with only two highly satisfactory results.

Results were less uniformly positive for the provision of design inputs to World Bank operations (R3). This may reflect, at least in part, the growing volume of stand-alone knowledge work that may not have immediate bearings on lending operations. It also reflects work where the uptake was stalled for long periods due to internal political factors. Influence and policy relevance (R5) was heterogeneous, with very good results in some areas (the MultiCat bonds, social protection), but in others knowledge work was not replicable (for example, the Cutzamala river basin) or Mexico was a consumer of knowledge (the special economic zones). Using a numeric equivalent to IEG's six-point scale, scores across questions had a low range of variation, from 5.4 for R1 to 4.8 for R3 and R5.

TABLE G.1. Evaluation of Advisory Services and Analytics

Objectives/ Pillars		Raising Productivity					Sharing Prosperity			Strengthening Public Finance			Promoting Green and Inclusive Growth					
Subpillars		Bus. Env (Doing Business)	Bus. Environment (SEZs)	ICT, Telecoms. &Trade	Financial Stability	Fin. Deepening / Broadening	Education	Health	Social Protection	Increasing non-oil revenues	Public sector Mgt.	Subnational management	Low-carbon Devt: Climate Change	Low-Carbon devt: Energy	Low Carob devt. Transportation /Urban	Natural Resource mgmt.: Water	Nat. Resources mgmt. Biodiv./ Environ./ Forestry	Oth Environment: Agriculture
Identifying the Results of Knowledge Work																		
R1	Providing a Knowledge base for Government Policies or Programs	S	S	S	HS	S	S	S	S	HS	S	HS	HS	HS	HS	S	S	S
R2	Providing Technical Assistance / Institutional Support	MS	HS	S	S	S	NR	S	HS	HS	S	HS	HS	S	S	MS	S	S

Objectives/ Pillars		Raising Productivity					Sharing Prosperity			Strengthening Public Finance			Promoting Green and Inclusive Growth					
Subpillars		Bus. Env (Doing Business)	Bus. Environment (SEZs)	ICT, Telecoms. &Trade	Financial Stability	Fin. Deepening / Broadening	Education	Health	Social Protection	Increasing non-oil revenues	Public sector Mgt.	Subnational management	Low-carbon Devt: Climate Change	Low-Carbon devt: Energy	Low Carob devt. Transportation /Urban	Natural Resource mgmt.: Water	Nat. Resources mgmt. Biodiv./ Environ./ Forestry	Oth Environment: Agriculture
R3	Providing Design Inputs to World Bank's Operations and Policy Dialogue	MS	S	NR	MS	MU	S	S	S	HS	MS	S	HS	S	S	MS	S	HS
R4	Providing Convening Support to Stakeholders in Different Agencies	MS	S	S	MS	MS	NA	S	HS	S	S	HS	S	S	S	MS	S	S
R5	Influencing knowledge and policy applicable to other countries	MS	NA	S	MS	S	MS	S	HS	S	MS	S	S	S	S	MS	S	S

Objectives/ Pillars		Raising Productivity					Sharing Prosperity			Strengthening Public Finance			Promoting Green and Inclusive Growth					
Subpillars		Bus. Env (Doing Business)	Bus. Environment (SEZs)	ICT, Telecoms. &Trade	Financial Stability	Fin. Deepening / Broadening	Education	Health	Social Protection	Increasing non-oil revenues	Public sector Mgt.	Subnational management	Low-carbon Devt: Climate Change	Low-Carbon devt: Energy	Low Carob devt. Transportation /Urban	Natural Resource mgmt.: Water	Nat. Resources mgmt. Biodiv./ Environ./ Forestry	Oth Environment: Agriculture
Evaluating Bank Performance / Contributions																		
B1	Relevance and timeliness	S	S	S	S	S	S	S	S	HS	S	S	HS	HS	S	S	S	S
B2	Technical quality	MS	HS	S	S	S	S	S	S	HS	S	S	HS	S	S	S	S	HS
B3	Client and Stakeholder Ownership / Engagement	S	HS	MS	MS	MS	S	S	S	HS	S	HS	HS	HS	S	S	S	S
B4	World Bank Inputs and Processes	MS	S	MS	S	S	S	S	S	HS	MS	S	S	S	S	S	MS	S
B5	Dialogue and Dissemination	MS	HS	MS	MS	S	S	S	S	S	MS	S	S	S	S	S	MS	S

Source: Independent Evaluation Group.

Note: ASA = Advisory Services and Analytics; NA= not applicable (no ASA in this category); NR = not ratable (insufficient information); SEZ = special economic zone.

BOX G.1. Mexico: Evaluation of ASA—Results Achieved

In terms of Providing a Knowledge Base for Government Policies or Programs (R1), all pillars perform well, never rated below satisfactory. Rated highly satisfactory are the Financial Stability cluster, dominated by the 2012 and 2016 Financial Sector Assessment Program (FSAP) updates, themselves successors to two FSAPs that provided significant inputs to Mexico's financial reforms of 2013–14. In the public finance area, advisory support informing the tax reform contributing to a 3-percentage point increase in the non-oil tax revenue was also highly significant, as was the Subnational cluster engagement on Public Sector management with Oaxaca. Also significant were achievements in the green growth area: the Energy Sector Management Assistance Program roadmap for low-carbon development laid a blueprint for this development model by helping Mexico estimate the macroeconomic and fiscal implications of reform and it identified measures for reducing greenhouse gas emissions; the Electricity Subsidy Study (2008) led to reduced energy subsidies; a study on the social impacts of climate change (2012) underpinned the MX Strengthening Social Resilience to Climate Change Development Policy Loan (P120170). The Mexican Urbanization Review (2016), the Mexico Massive Urban Transport Federal Program (2009) and the report on Solid Waste Management (2016) and their broad policy implications influenced World Bank engagement.

With regard to Providing Technical Assistance and Institutional support (R2), ratings were also highly positive, though moderately satisfactory for work to improve the design and evaluation of support to micro, small, and medium enterprises (unlike impact evaluation, the diagnostic left counterparts unconvinced). The knowledge work underlying the Valley of Mexico (P154998) and the Oaxaca Water Sector Modernization Project (P145578) were technically sound but took some years to be internalized by institutional counterparts.[3] Although the education portfolio embedded World Bank's knowledge work through research and innovation components, its impact on institutional support is difficult to assess; it was therefore not rated. In the Social Protection area, World Bank support provided complementary programmatic resources and NTLA to support key elements of Oportunidades' design. In strengthening public finance continuous engagement through the Public Expenditure Review, revenue study and Electricity Subsidy Study directly informed the government's major tax and energy price reforms during the second period. Subnational engagements helped build more consistent, monitorable, and results oriented budget frameworks. In the Climate Change cluster, the recent Access to Green Climate Fund activity (2017) had far-reaching impact on stakeholder involvement and strengthened the client's design and implementation capacities with highly satisfactory ratings. World Bank contributions to the special

(continued)

BOX G.1. Mexico: Evaluation of ASA—Results Achieved *(continued)*

economic zone (SEZ) law was also deemed highly satisfactory in view of its influence in creating a new regulatory authority, the AFDZEE.[4]

Providing Design Inputs to World Bank Operations and Policy Dialogue (R3) was less positive in specific areas. The Deepening/ Broadening Financial Inclusion cluster had little connection with World Bank operations as the financial capabilities work never really became a World Bank activity; it is rated moderately unsatisfactory. Rated at moderately satisfactory, the water cluster work initially failed to generate dialogue or engagement. No rating could be assigned to the ICT, Telecommunications and Trade cluster as impact on urban development is unclear. However, the SEZ work is rated satisfactory due to subsequent policy dialogue at the state level. High ratings for public finance are due to the relationship of trust developed with the client, which provided the basis for the subsequent RAS engagement at subnational levels. The Social Impacts of Climate Change study (2012) underpinned the MX Strengthening Social Resilience to CC DPL (P120170).[5] Advice in the agriculture sector on maize, beans, and sugar, together with the Agriculture Public Expenditure Review influenced government policies in the post- North American Free Trade Agreement transition era.

Positive results were noted for Convening Support to Stakeholders in Different Agencies (R4). Ratings did not dip below moderately satisfactory. Clusters standing out as particularly successful are the Subnational Oaxaca cluster and the Social Protection one due to the World Bank's significant convening role in cross-country knowledge exchange.

Results for Influencing Knowledge and Policy Applicable to other Countries (R5) reflect the heterogeneity among activities, such as in the financial deepening clusters where there is both the pioneering World Bank work on natural disaster risk management (catastrophic risk bonds), and weak work influence on financial education or capital markets instruments, which never gained traction. The SEZ cluster is rated NA because Mexico received knowledge from others. In the Water area, knowledge was basin-specific and replicability therefore difficult.

Source: Independent Evaluation Group.

Findings: World Bank Performance in ASA

World Bank performance in ASA (dimensions B1 to B5) was also positive, though in some areas lower than in terms of results alone. Ratings were high in terms of relevance (B1) due to close dialogue with the government; consultative process in determining scope of work; National Development Plan tracking in the World Bank's CPE strategies; and provision of just-in-time advice to support government reforms. Technical Quality (B2) was generally satisfactory; some areas with highly satisfactory quality are noted. Somewhat lower Client Ownership (B3) results were achieved, reflecting the slow, at times absent uptake of some World Bank work. World Bank inputs and processes were variable (B4), as were Dialogue and Dissemination (B5). Overall, numerical variations across the five dimensions ranged between 5.2 and 3.6.

BOX G.2. Mexico: Evaluation of Advisory Services and Analytics—Results Achieved

Relevance and Timeliness (B1) was successful across the pillars and is never rated below satisfactory. Key deliverables in the public finance area, notably the tax policy advisory and Public Expenditure Review, were closely aligned with the National Development Plan and provided timely information to the subsequent tax and expenditure reforms. In the Climate Change cluster, high ratings reflect the Subnational Climate Change Plans (2013), which provided timely information to the government's strategy. And the Mexico Electricity Subsidy Study (2008) provided information that informed the government's energy policy changes, in line with the National Development Plan and country partnership strategy.

Across pillars, *Technical Quality (B2)* is also highly rated, reflecting the high caliber of World Bank work. Most innovative were Mexico's weather-indexed crop insurance, catastrophic risk bonds with sovereign disaster risk management, and low-carbon development blueprint.

Client and Stakeholder Ownership / Engagement (B3) results are somewhat more variable. In the area of ICT and trade, despite substantial work, completion reports describe outputs without offering evidence to substantiate client engagement. Government officials provided little mission feedback; nor were reviews of operational guidelines or proposals for improvement well received. Financial Deepening/ Broadening has a lower rating as ownership and engagement were not evident in the area of financial education.

(continued)

BOX G.2. Mexico: Evaluation of Advisory Services and Analytics—Results Achieved *(continued)*

In general clients considered the ***World Bank Inputs and Processes (B4)*** as satisfactory; unlike in the area of investment lending, the World Bank was responsive and processes constraining. However, under the Biodiversity/ Environment/ Forestry cluster, officials raised concerns about having to adopt and respond to World Bank requirements such as safeguards and about the World Bank's unwillingness to adapt its processes to existing Mexican ones, deemed a constraint.

Though ***Dialogue and Dissemination (B5)*** is mostly rated positively, there were some exceptions. The 'Financial Services by Nonbanks' study was never seen by FND (Financiera Nacional de Desarrollo Agropecuario, Rural, Forestal y Pesquero) officials, the study's key counterpart. Moderately satisfactory ratings in the competitiveness area reflect a series of 2014 market studies intended for cartel investigations but for which IEG could not get feedback. In the Biodiversity/ Environment/ Forestry cluster, the rating reflects concerns over adopting and responding to World Bank requirements (for example, safeguards), and National Forestry Commission's adoption of World Bank Environmental Safeguards never being acknowledged or mentioned by Banobras, the main stakeholder. Only one cluster, special economic zones (SEZs) has been rated highly satisfactory as the World Bank supported federal SEZ law was discussed, disseminated and is now being adopted at the state level where SEZs are planned.

Source: Independent Evaluation Group.

Overall Results for ASA Across Pillars of Engagement

The green growth and strengthening public finance pillars showed the highest results and World Bank Performance levels overall, despite significant variations by task cluster within pillar. For example, the green growth clusters of Climate Change, energy and natural resource management had the best overall performances, while urban development and water resource management lagged. Or where financial stability cluster results were strong, while Financial Deepening/ Broadening cluster results were weaker. High overall engagement standards allow for specific area improvements.

Programmatic Approaches

Programmatic Approaches (programmatic approach) are an umbrella sectoral engagement over a 3-year period, reviewed and revised annually. In theory, programmatic approaches allow for: the preparation of small tasks without individual operation approvals; the timely address of new client requests; the combination of diverse funding sources; the involvement of different Bank Group units; and, most importantly, flexibility. Table F.2 reviews programmatic approach pros and cons.

TABLE G.2. **Mexico: Evaluation Programmatic Approaches in ASA**

Objectives/ Pillars		Raising Productivity					Sharing Prosperity			Strengthening Public Finance			Promoting Green and Inclusive Growth					
Subpillars		Bus. Env (Doing Business)	Bus. Environment (SEZs)	ICT, Telecoms. &Trade	Financial Stability	Fin. Deepening / Broadening	Education	Health	Social Protection	Increasing non-oil revenues	Public sector Mgt.	Subnational management	Low-carbon Devt: Climate Change	Low-Carbon devt: Energy	Low Carob devt. Transporta-tion /Urban	Natural Resource mgmt.: Water	Nat. Resources mgmt. Bio-div./ Environ./ Forestry	Oth Environment: Agriculture
Examining the Contribution of the Programmatic Approach (programmatic approach clusters only, rating 1–6)																		
PA1	Partnership with government on scope of programmatic approach?	5	NA	5	4/5	4/5	5	4/5	5	5	5	6	NA	5	5	NA	5	5
PA2	Provided for sustained engagement / sectoral knowl-edge?	5	NA	5	4	4	6	6	6	5	5	6	NA	5	5	NA	5	5
PA3	Influenced the certainty of engagement?	4	NA	4	4	4	5	5	5	5	4	5	NA	4	4	NA	4	5
PA4	Subelements strategically selected?	5	NA	5	4/5	4	5	4	4	5	4	5	NA	4	3	NA	4	5
PA5	Logical Se-quencing in time?	NR	NA	NA	4/5	4	NR	NR	NR	5	4	5	NA	4	4	NA	4	5

Source: Independent Evaluation Group.

Note: ASA = Advisory Services and Analytics; NA= not applicable (no ASA in this category); NR = not ratable (insufficient information); SEZ = special economic zone.

Results suggest programmatic approaches' greatest advantage lies in the sustained engagement they serve, resulting in maintenance of sectoral knowledge irrespective of lending program. As the World Bank is perceived as responsive to government needs, programmatic approaches score well in building partnerships with the government. However, IEG finds that it may at times be at the expense of strategically selected engagements, and that logical sequencing of programmatic activities over time is rarely a consideration.

World Bank staff revealed to IEG's CPE team that programmatic approaches can be heavy on bureaucratic requirements because of annual reviews and activity-specific requirements to get formal government approval. Overall, though partnership with the government, sustained engagement and sectoral knowledge provided by programmatic approaches are strong, efforts to further influence the certainty of engagement, the strategic selection of subelements and their sequencing in time are key: failure to ensure these would erode the tool's benefits of flexibility, while multiplying cumbersome reporting processes.

BOX G.3. Mexico: Evaluation of ASA—Programmatic Approaches

Determining the scope and content of the programmatic approach in partnership with the government is unsurprisingly rated very highly across pillars. The Subnational Oaxaca cluster stands out as the partnership drove the determination of the scope of activities. In cases such as in the financial sector and in health, they were less explicit.

Sustained sectoral engagement / Knowledge was in fact the purpose of the programmatic approach and the high ratings illustrate its success. Four clusters are very highly rated: the subnational Oaxaca cluster rating reflects a sustained and long-term engagement, as do education, health and social protection, in which most World Bank's engagement took place under programmatic approaches.

The programmatic approach's part in *influencing the certainty of engagement* is less positive than other dimensions reviewed. This is partly because changing priorities prevented some activities mentioned in programmatic approach documents to materialize. It is also partly due to missed opportunities, as in the financial sector programmatic approach when the World Bank failed to leverage the series of rural financial cooperative Bansefi projects, to engage authorities in the wider cooperative (SOCAP - Sociedades Cooperativas de Ahorro y Préstamo / Cooperation Societies for Savings and Loans) sector.

(continued)

BOX G.3. Mexico: Evaluation of ASA—Programmatic Approaches *(continued)*

The ***strategic selection of subelements*** was the only dimension where a programmatic approach was rated equivalent to moderately unsatisfactory.[a] In the energy cluster, the programmatic approach supporting a low-carbon economy delivered a high number of products in different subsectors and on different topics, but with little strategic vision. Similar bundling of unrelated items was visible to varying degrees in the areas of financial deepening and health. Excessive use of the tool's flexibility led to disjoint activities, some of which had limited ownership and subsequent use.

Whether the programmatic approach elements were ***logically sequenced in time*** proved to be the dimension most difficult to access reflecting the reliance on the tool's flexibility to respond to new and/or changing demands. Several responses are therefore Not Rated.

Source: Independent Evaluation Group.
a. This is a rating of 3.

RAS / Fee for Services

Overall, the RAS tool proved positive across pillars: it was responsive to clients, somewhat bypassing the usual strategic vying of World Bank budget resources exercise, and expanded available funding. However, variability in terms of RAS use, reveal it may at times have been used at a more technical level than a policy one, and clients may not always kindly receive difficult messages. RAS outputs were not always available to World Bank staff, effectively limiting cross-country knowledge value.

TABLE G.3. **Mexico: Evaluation of Reimbursable Advisory Services in ASA**

Objectives/ Pillars		Raising Productivity					Sharing Prosperity			Strengthening Public Finance			Promoting Green and Inclusive Growth					
Subpillars		Bus. Env (Doing Business)	Bus. Environment (SEZs)	ICT, Telecoms. &Trade	Financial Stability	Fin. Deepening / Broadening	Education	Health	Social Protection	Increasing non-oil revenues	Public sector Mgt.	Subnational management	Low-carbon Devt: Climate Change	Low-Carbon devt: Energy	Low Carob devt. Transporta- tion /Urban	Natural Resource mgmt.: Water	Nat. Resources mgmt. Bio- div./ Environ./ Forestry	Oth Environment: Agriculture
Examining the Contribution of the Programmatic Approach (programmatic approach clusters only, rating 1–6)																		
RAS1	Did the adoption of a RAS / FFS significantly sup- port the resource availability for the task?	6	n.a.	6	n.a.	5	n.a.	NR*	n.a.	n.a.	5	6	n.a.	5	4	5	n.a.	5
RAS2	Did the RAS fea- ture help ensure client demand / client satisfaction / client use?	2	n.a.	2	n.a.	3	n.a.	4	n.a.	n.a.	4	6	n.a.	5	5	5	n.a.	5
RAS3	To what extent did the RAS ap- proach constrain the World Bank from providing tough messag- es?	1	n.a.	1	n.a.	5	n.a.	NR*	n.a.	n.a.	1	1	n.a.	5	5	5	n.a.	5

(continued)

Objectives/ Pillars		Raising Productivity					Sharing Prosperity			Strengthening Public Finance			Promoting Green and Inclusive Growth					
Subpillars		Bus. Env (Doing Business)	Bus. Environment (SEZs)	ICT, Telecoms. &Trade	Financial Stability	Fin. Deepening / Broadening	Education	Health	Social Protection	Increasing non-oil revenues	Public sector Mgt.	Subnational management	Low-carbon Devt: Climate Change	Low-Carbon devt: Energy	Low Carob devt. Transporta-tion /Urban	Natural Resource mgmt.: Water	Nat. Resources mgmt. Biodiv./ Environ./ Forestry	Oth Environment: Agriculture
RAS4	To what extent was the RAS used for technical level/ implemen-tation inputs as opposed to high-level policy advice?	4	n.a.	6	n.a.	5	n.a.	4	n.a.	n.a.	5	5	n.a.	4	5	5	n.a.	5
RAS5	to what extent was the work on the RAS made available to wider audiences - in the World Bank, in Mexico or elsewhere?	5	n.a.	3*	n.a.	2	n.a.	1*	n.a.	n.a.	3	4	n.a.	5	5	5	n.a.	5

Source: Independent Evaluation Group.

Note: FFS = fee for service n.a. = not applicable (no Advisory Services and Analytics in this category); NR = Not Rated (insufficient information); RAS = reimbursable advisory services.

BOX G.4. Mexico: Evaluation of ASA—Reimbursable Advisory Services and Fee-for-Service

All evaluators agreed adopting a RAS / Fee-for-Service approach significantly and positively supported ***resource availability.*** This mode of engagement was used to assist all three levels of government, as well as autonomous agencies. Clients consider World Bank Group pricing reasonable for services provided—which may merit a review of pricing. RASs are rated especially highly in the Doing Business, ICT and Subnational Oaxaca clusters. RASs also help respond to client needs quickly, bypassing the World Bank's strategic resource planning.

Did the RAS feature help ensure client demand and client satisfaction? The ratings pertaining to the client demand/ satisfaction dimension are on average positive. However, the raising productivity pillar rates its three relevant clusters as below moderately satisfactory. These are in part due to no explicit difference in terms of client preference between a RAS or other form of support, leading to a downgrading of a dimension central to the RAS instrument. Compounding this were payment delays due to client budget cycles, particularly under the Doing business cluster, and because one activity on consumer protection arrangements for financial services ran into coordination issues between the Secretaría de Hacienda y Crédito Público (Ministry of Finance) and Banco de Mexico, dramatically reducing the scope of the activity. Conversely, the highest rating is for the Subnational Oaxaca cluster because unlike other more heterogenous and numerous RAS engagements, client use has not varied as much. The Sharing Prosperity pillar could not be rated as the RAS remains confidential.

Did the RAS approach *constrain the World Bank from providing tough messages*? This is the RAS dimension that varies most from pillar to pillar with the lowest average rating. There are sharp variations by pillar, with high ratings for green growth and lower ratings under competitiveness and strengthening public finance. The variation in ratings suggests differences across clients' willingness to accept tough messages.

Were RASs *used largely for technical level / implementation support* in the 'how to' dimension, or were they also used, in the 'what' dimension, for high-level policy advice? This dimension is rated positively, but varies across pillars. For example, under raising productivity, some RASs were very technical, such as the ICT RAS, while the Trade and Competitiveness RASs were an assortment of technical inputs (for example, impact evaluations), policy advice to subnational governments, and high-level policy advice on SEZ. The level of technicality depends on the request and is often emphasized to anchor policy advice.

(continued)

BOX G.4. Mexico: Evaluation of ASA—Reimbursable Advisory Services and Fee-for-Service *(continued)*

To what extent were RAS outputs made available to wider audiences in the World Bank, in Mexico, or elsewhere? Results are again mixed. RASs in Health and Social Protection areas were not made available to Independent Evaluation Group or World Bank staff; therefore, learning opportunities are limited. In the Financial sector cluster, the result of the Commercial Real Estate Price Index fee-for-service is being updated for internal use by the Bank of Mexico, but has not been published, partly because further robustness-testing is required.

Source: Independent Evaluation Group.

To conclude, although there are variations in terms of dimensions of success and nature of the vehicle of delivery, clients interviewed by IEG uniformly placed high value on the World Bank's knowledge work. Though appreciated, better measurement of objectives, result frameworks and indicators along with monitoring, are needed for ASAs. The World Bank's country program lending-lens preeminence no longer fits the Mexico program reality and must be adjusted in Mexico and in other middle-income countries.

1 See Afghanistan Country Program Evaluation 2002–11, December 2012. Questions here are adapted to the Mexico context.

2 These included 45 activities relevant to the Raising Productivity pillar; 48 relevant to Increasing Social Prosperity; 28 relevant to Strengthening Public Finance; and 57 under the Promoting Green and Inclusive Growth pillars. These also include NLTA.

3 These are both Water Sector investment projects

4 Autoridad Federal para el Desarrollo de las Zonas Económicas Especiales

5 According to its ICR Review: The Strengthening Social Resilience to Climate Change DPL continues the emphasis on adaptation, and was the first World Bank lending operation whose central, explicit theme was the reduction of the impacts of climate change and variability on the poor.

Appendix H. Mexico's Contributions Toward Knowledge for Other Clients

Highlights

- Mexico is indeed a significant provider of knowledge and a large part of its knowledge flows outside the World Bank, as well as to a wider audience within the World Bank.
- Higher quality and more 'finished' research in the form of Policy Research papers is the most valued, and interest tends to be concentrated in the top few percentiles of documents.
- Publications originate largely from the global practices but also from the Development Economics unit and other areas of the World Bank and are heterogeneous by sector.
- Through its South-South knowledge exchanges, Mexico is a major source of knowledge services within the Latin America and the Caribbean Region, though it also participates in and benefits from multilateral exchanges.
- The World Bank needs to integrate and improve its tracking of knowledge dissemination through views and downloads to form a consistent time series of information on outreach, adjusted for robotic searches.
- Tracking of cost data with regard to knowledge flows is seriously incomplete and needs improvement.

Mexico's extensive program of 169 advisory and technical assistance work over the period 2008–17 was intended primarily for its Mexican government counterparts, but many had spillover benefits for other client countries and researchers. The Independent Evaluation Group (IEG) explored the extent of these spillover benefits from World Bank Group knowledge work in Mexico to other Bank Group programs, clients and external researchers. World Bank data bases and Mexico Country Department data each provide new and valuable, even if partial insights. The analysis also highlights a critical need for more systematic Bank Group tracking of its knowledge services.

BOX H.1. Evaluating Mexico's Knowledge Contributions—Available Data

First, the **World Bank's IT department** included 360 World Bank publications coded to Mexico over FY08–17, as cited in the Independent Evaluation Group (IEG) approach paper. For 290 of these (excluding only those on which tracking information was not provided) additional variables were made available to IEG: the total number of *downloads* per document and the geographic and institutional origin of download. In all, 65 percent (234) were linked to a Bank Group lending or ASA code.

Second, the World Bank's **Open Knowledge Repository** also maintains information on total *downloads* per documents, as well as the numbers of *views* per document, document type, originating World Bank unit, sector mapping, language, and from 2012, BOX H.1. **Evaluating Mexico's Knowledge Contributions—Available Data *(continued)***

year of download. IEG examined (i) all documents coded to both Latin America and to Mexico; (ii) all documents that include 'Mexico' in their abstracts.

Third, the **South-South Knowledge Exchange** database maintained by the Mexico and Colombia Country Management Unit, for knowledge engagements with other countries, in which Mexico /Colombia were providers (or receivers) of knowledge. This dataset includes the names of the counterparts and, less consistently, the funding source and amount of the engagement. The Bank's Global Knowledge Management (GTKM) services supplemented the information on funding from the Bank's Resource Management and SAP databases.

Finally, the **South-South Trust Fund** made its database available to IEG. This Trust Fund was a significant contributor to the engagements in Mexico described in the SSKE database. It provides comprehensive data on the amounts spent per engagement and information on other Country Management Units using the fund.

Findings

Total, Geographic, and Institutional Downloads: Research and Publications Database

On average, a document of the Research and Publications database will be downloaded 315 times.[1] Policy and Research papers have the highest number of downloads, with 435 on average, compared with 258 for working papers. This suggests that the more definitive work from the Bank is the most valued by outside audiences. This pattern is consistent across pillars, though Health and Education Policy Research papers had the highest number of downloads (472) and Competitiveness and Finance (440). Infrastructure and Environment had a slightly lower readership at 303, for its Policy Research papers. The distribution of downloads is skewed, with the top 10 documents alone accounting for 22 percent of all hits, and the top fifth, in percentile terms, accounting for 59 percent of all hits.

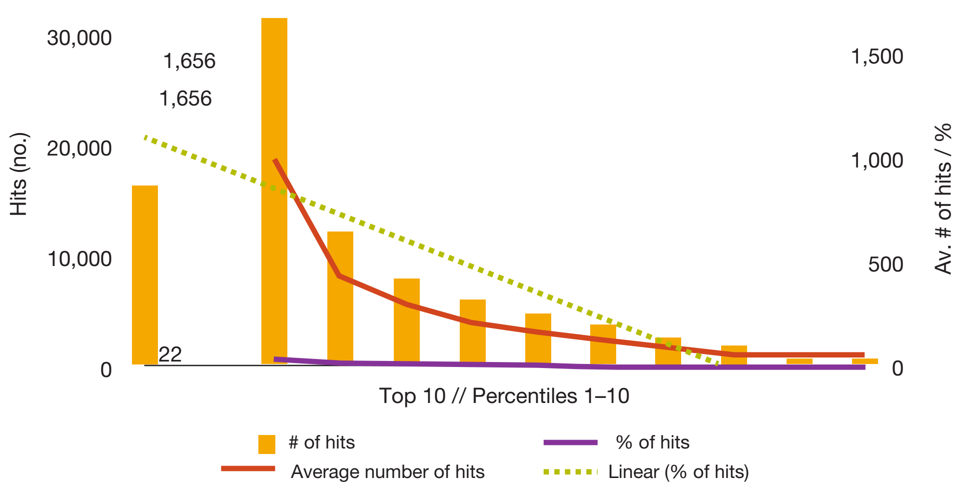
Geographically, most hits (57 percent) originate in the US; 14 percent originate in Mexico. Of note, robotic or automated searches rarely originate in Mexico. Almost a third (28 percent) of downloads originate in neither the US nor Mexico. Most interestingly, an institutional analysis of IP addresses permits a separation of those addresses which are coded to Bank Group and those which are external to the Bank group. Just over 2 percent of total hits originate from within the Bank group (1,513 out of 73,654) though of these, the majority originate from the Bank's headquarters in Washington DC (78 percent), and only 1 percent originate from the country management unit Mexico City office. Over 20 percent of downloads by Bank staff also originate in other regions. To summarize, Bank publications on Mexico, especially policy research papers, are widely read, with the leading publications (top ten percentile) being downloaded over 1,000 times, over the review period, and the bulk of the downloads are outside the World Bank (over 90 percent), though over half (57 percent) remain within USA. Among Bank downloads, there is evidence that around a fifth are from locations in other field offices.

Downloads and Views from the Open Knowledge Repository of the World Bank Group

The World Bank's Open Knowledge Repository database also tracks statistics on the readership of Bank publications. For documents published over the same period, it includes 362 documents with some mention of Mexico in their abstract, as well as 172 documents which are assigned a regional coding of Latin America and the Caribbean as well as a country-coding of Mexico.[2] Further, it permits a separation of views of documents from downloads. It cites an average of 495 views per Mexico in Abstract document, and 406 of Latin America and the Caribbean-Mexico. Downloads are somewhat higher, at 626 average downloads for Mexico in Abstract documents and 616 for Latin America and the Caribbean/Mexico. Looking at downloads over time, it appears that these documents have a long shelf life, with publications in FY08, for example, reaching high numbers of views and downloads even in 2017.[3]

Documents originating in DEC and the Latin America and the Caribbean front office, coded for Latin America and the Caribbean-Mexico account for about a third of views and downloads (some of these may have originated from operations). Most (45–46 percent), originate in global practices. The top 10 viewed or downloaded documents are highly heterogeneous. Doing Business 2015 and Shared

FIGURE H.1. Distribution of the Information Technology Services Database (without BOTs)



Prosperity in Latin America (2015) are common to both lists; also included are themes of climate change and carbon markets (3), electricity subsidies (1), urbanization (1), macro themes of growth and debt (2), access to finance and capital markets (1 each), tertiary education and noncommunicable diseases (1 each), monitoring and evaluation and business regulation (1). However, numbers drop sharply after the leading documents. Overall, these data provide a broad corroboration of the extent to which documents are read, an increased indication of concentration on the most read, together with reassurance of the broad spectrum of sectors, and Bank units, that the leading documents span.

South-South Knowledge Exchanges and the Mexico Country Management Unit

From the second CPE period, starting in 2013, the Mexico Country Management Unit has tracked the total number of instances in which it has participated in knowledge forums either as a provider, participant, receiver of knowledge. Its South-South Knowledge Exchange mentions 117 such interactions. Mexico is primarily a provider of knowledge (53 percent of the total instances); though it is also active as a member of knowledge exchanges (28 percent) and has also been a knowledge recipient (19 percent of all instances).

IEG assigned a coding by pillar of this evaluation to each activity. Although a few activities straddled more than one pillar, data suggest that more knowledge exchanges occurred in the pillars of social prosperity and green growth (39 percent and 35 percent respectively, of 117). Strengthening public finance accounted for 17 percent and raising productivity accounted for around 11 percent of all instances.

Information on the financing of these activities is very limited, making it difficult to infer the potential for scale up or replicability. Limited information on the financing of these exchanges has been maintained by the country management unit, but with the support of the Bank's new Knowledge global practice, IEG was able to obtain information on just short of half (53 exchanges, or 47 percent).[4] Half of all exchanges are financed by other sources, a majority of which are unidentified.[5] A quarter are financed through BB and a fifth through trust funds. Less than 8 percent drew on multiple donors.

Most of these South-South knowledge exchanges involve multiple countries, and a large proportion are focused on other Latin America and the Caribbean countries (49 percent). A fifth of these are bilateral or involve no more than two countries. And in over a third, Mexico was the unique provider of knowledge, establishing it as a major source of knowledge in the Latin America and the Caribbean Region.

Knowledge Exchange through the South-South Trust Fund—Mexico and Other Countries

Twelve projects, or 10 percent of the knowledge exchanges described above were financed by the Bank's South-South Knowledge Exchange Trust fund, which was launched in October 2008, for this purpose. Moreover, the SSKE database maintains information on the funding of all its activities. IEG reviewed Mexico's pattern of use of this trust fund for knowledge exchanges with those of its neighbors, Colombia and Brazil. Mexico and Colombia reflect a similar pattern of being knowledge providers than receivers, particularly within region (39 percent and 45 percent of their respective shares of the fund are for intraregional knowledge exchanges). Brazil makes more extensive use of the fund for the provision of knowledge to other regions; 46 percent of its share of the fund's resources were used for exchanges with countries outside Latin America and the Caribbean.

Mexico made somewhat less use of the fund than its neighbors; using around 9 percent of the total resources of the fund compared with 12 percent for Colombia and 18 percent for Brazil. However, Mexico has had the steadiest use of the fund over time in terms of number of interventions (between 0 to 3 per year, stayed within a 0 to 2 percent of total fund allocations). Colombia shows a bigger variation with number of projects as low as 0 in 2016 but as high as 8 in 2015 and amounts between 0 and over 3 percent of the total amounts of the fund over the period. Brazil exhibits higher variation in use than Mexico or Colombia. Further investigating how projects are approved and sums allocated by year would be important to determine the drivers of these different patterns of use.

Conclusions and Areas for Further Exploration

The preceding analyses suggest that the Bank's knowledge and research on Mexico clearly reached broad audiences, including audiences within and outside the region of Latin America and the Caribbean. Apart from documents, there have been many discussions and knowledge engagements, particularly between South-South countries, and in the case of Mexico a preference for multicountry forums.

However, this important spillover benefit is not systematically captured by the institution in terms of the lack of systematic (and preferably self-service) data, multiple and not easily reconciled data, and a particular absence of cost information, thus limiting the extent to which scalability can be determined.

Nevertheless, the exercise provides a stepping-stone and perhaps a blue print for further analysis of the impact of knowledge contributions. As other countries join Mexico in middle-income status, and the Bank increasingly becomes valued primarily for its knowledge services, tracking the Bank's impact in terms of knowledge contributions becomes crucial.

TABLE H.2. Mexico: Policy and Research Document Downloads by Percentile

	Cumulative No. of docs	No. of hits	Cumulative No. of hits	Percent of hits	Cumulative percent hits (1–10)	Cumulative percent hits (10–1)	Average No. of hits
Top 10	10	16,564	16,564	22			1,656
Percentile 1 (10 percent)	29	31,517	31,517	43	43	100	1,087
Percentile 2 (20 percent)	57	12278	43,462	17	59	57	409
Percentile 3 (30 percent)	87	8120	51,915	11	70	41	290
Percentile 4 (40 percent)	115	6001	57,916	8	79	30	207
Percentile 5 (50 percent)	144	4792	62,708	7	85	21	165
Percentile 6 (60 percent)	173	3806	66,514	5	90	15	131
Percentile 7 (70 percent)	202	2787	69,301	4	94	10	93
Percentile 8 (80 percent)	232	2053	71,354	3	97	6	68
Percentile 9 (90 percent)	262	1511	72,865	2	99	3	54
Percentile 10 (100 percent)	290	789	73,654	1	100	1	54

Source: Independent Evaluation Group estimates based on Information and Technology Solutions database. The data exclude robotic searches and covers publications from FY08–17 tracking downloads from 2014 to January 31, 2018.

Note: Publications tracked 2014–18 and published FY08–17.

TABLE H.1. Mexico: Policy and Research Document Downloads by Pillar (FY08–17)

	Overall				Environment & Infrastructure			Finance, Growth & Competitiveness			Health, Education & Social Protection			Macro-fiscal including Subnational		
Doc Type	No. docs	No. Hits	Av. Hits	Percent Hits	No. docs	No. Hits	Av. Hits	No. docs	No. Hits	Av. Hits	No. docs	No. Hits	Av. Hits	No. docs	No. Hits	Av. Hits
Total	290	73,654	254	100	120	25,210	210	71	18,637	262	65	18,979	292	34	10,828	318
wo EA&IPP	197	62,136	315		59	16,912	287	54	17,424	323	50	16,972	339	34	10,828	318
Working Paper	105	27,093	258	37	36	10,898	303	27	4,637	172	22	6,205	282	20	5,353	268
Policy Research	59	25,658	435	35	8	2,856	357	20	8,790	440	21	9,918	472	10	4,094	409
EA & IPP	93	11,518	124	16	61	8,298	136	17	1,213	71	15	2,007	134			
Other	33	9,385	284	13	15	3,158	211	7	3,997	571	7	849	121	4	1,381	345
Percent to total (290 docs, 73,654 hits)					41	34		24	25		22	26		12	15	
Percen to total (197 docs, 62,136 hits)					30	27		27	28		25	27		17	17	

Source: Independent Evaluation Group estimates based on Information and Technology Solutions database.

Note: The data exclude robotic searches and covers publications from FY08–17 tracking downloads from 2014 to January 31, 2018.

TABLE H.3. Mexico: Policy and Research Document Downloads by Geographic Location

	TOTAL				Unites States			Mexico			Other		
	No. docs	No. Hits	Av. Hits	per-cent	No. Hits	Av. Hits	per-cent	No. Hits	Av. Hits	per-cent	No. Hits	Av. Hits	per-cent
Total	290	73,654	254	100	41,986	145	57	10,347	36	14	20,760	72	28
wo EA IPP	197	62,136	315	100	36,183	184	58	7,051	36	11	18,464	94	30
E&I	59	16,912	287	27	9,595	163	15	2,678	45	4	4,531	77	7
FG&C	54	17,424	323	28	10,083	187	16	1,880	35	3	5,317	98	9
HE&SP	50	16,972	339	27	10,628	213	17	1,553	31	2	4,689	94	8
MF+SN	34	10,828	318	17	5,877	173	9	940	28	2	3,927	116	6

Source: Independent Evaluation Group estimates based on Information and Technology Solutions database. The data exclude robotic searches and covers publications from FY08–17 tracking downloads from 2014 to January 31, 2018.

Note: without Environmental Assessments or Indigenous Peoples Plans by pillar; tracked 2014–18 and published FY08–17

TABLE H.4. Mexico: Policy and Research Document Downloads by Institution

	TOTAL				Bank Group			HQ			Mexico		
	No. docs	No. Hits	Av. Hits	per-cent	No. Hits	Av. Hits	per-cent	No. Hits	Av. Hits	per-cent	No. Hits	Av. Hits	percent
Total	290	73,654	254	100	1,517	5	2.1	1,181	4	1.6	13	0	0.018
wo EA IPP	197	62,136	315	100	1,243	6	2.0	1,019	5	1.6	13	0	0.021
E&I	59	16,912	287	27	344	6	0.6	268	5	0.4	7	0	0.011
FG&C	54	17,424	323	28	330	6	0.5	271	5	0.4	3	0	0.005
HE&SP	50	16,972	339	27	369	7	0.6	318	6	0.5	3	0	0.005
MF+SN	34	10,828	318	17	200	6	0.3	162	5	0.3	0	0	0.000

Source: Independent Evaluation Group estimates based on Information and Technology Solutions database. The data exclude robotic searches and covers publications from FY08–17 tracking downloads from 2014 to January 31, 2018.

Note: without Environmental Assessments or Indigenous Peoples Plans by pillar; tracked 2014–18 and published FY08–17

TABLE H.5. **Mexico: Open Knowledge Repository Document Downloads, Unit Distribution**

	Mexico in Abstract							Coded for LAC-Mexico						
	No. docs	Sum of Total Views	Sum of Total Down-loads	Av. Total Views	Av. Total Down-loads	per-cent total views	per-cent total Down-loads	No. docs	Sum of Total Views	Sum of Total Down-loads	Av. Total Views	Av. Total Down-loads	per-cent total views	per-cent total down-loads
DEC	82	21,560	37,903	263	462	12.0	14.4	47	13,793	22,266	293	474	19.1	20.3
LAC Front office	62	38,710	49,632	624	801	21.6	18.9	42	10,916	9,768	260	233	15.1	8.9
Other	164	104,901	169,013	640	1,031	58.5	64.3	82	45,695	76,807	557	937	63.2	70.1
blank	54	14,130	6,282	262	116	7.9	2.4	7	1,876	731	268	104	2.6	0.7
Total	362	179,301	262,830	495	726	100	100	178	72,280	109,572	406	616	100	100

Source: Independent Evaluation Group estimates based on Open Knowledge Repository database. The data covers publications from FY08–17 and downloads and views from 2012 to January 31, 2018.

Note: tracked 2012–18 and published FY08–17. DEC = Development Economics Vice Presidency; LAC = Latin America and the Caribbean.

TABLE H.6. Mexico: Open Knowledge Repository Document Downloads: Ten Most-Viewed Documents Mentioning Mexico in Abstract

Title	Year	Unit 2	Tot. Views	Tot. DLs
Doing Business 2015: Going Beyond Efficiency	2014	Other	16,092	50,311
Great Teachers: How to Raise Student Learning in Latin America and the Caribbean	2015	LAC Front office	15,883	29,939
Shared Prosperity and Poverty Eradication in Latin America and the Caribbean	2015	Other	10,607	11,700
Puzzles of Economic Growth	2015	Other	6,776	6,884
Until Debt Do Us Part: Subnational Debt, Insolvency, and Markets	2013	Other	6,152	5,444
Climate-Smart Development: Adding Up the Benefits of Actions that Help Build Prosperity, End Poverty and Combat Climate Change	2014	Other	6,111	4,722
State and Trends of the Carbon Market 2012	2012	Other	3,626	3,389
Building Better Policies: The Nuts and Bolts of Monitoring and Evaluation Systems	2012	Other	3,284	7,702
The Poverty and Welfare Impacts of Climate Change Quantifying the Effects, Identifying the Adaptation Strategies	2012	Other	3,165	10,795
Innovative Experiences in Access to Finance	2017	LAC Front office	3,057	4,273

Source: Independent Evaluation Group estimates based on Open Knowledge Repository database. The data covers publications from FY08–17 and Downloads and Views from 2012 to January 31, 2018.

Note: Tracked 2012–18 and published FY08–17. LAC = Latin America and the Caribbean.

TABLE H.7. **Mexico: Open Knowledge Repository Document Downloads: Ten Most Viewed Documents Coded for Latin America and the Caribbean-Mexico**

Title	Year	Unit 2	Tot. Views	Total DLs
Doing Business 2015: Going Beyond Efficiency	2014	Other	16,092	50,311
Shared Prosperity and Poverty Eradication in Latin America and the Caribbean	2015	Other	10,607	11,700
Mexico Urbanization Review	2016	Other	3,038	581
Promoting Healthy Living in Latin America and the Caribbean: Governance of Multisectoral Activities to Prevent Risk Factors for Noncommunicable Diseases	2014	Other	1,250	2,492
License to Sell: The Effect of Business Registration Reform on Entrepreneurial Activity in Mexico	2008	DEC	1,178	6,682
Accessibility and Affordability of Tertiary Education in Brazil, Colombia, Mexico and Peru within a Global Context (Working Paper)	2008	DEC	1,139	974
Accessibility and Affordability of Tertiary Education in Brazil, Colombia, Mexico and Peru within a Global Context (Knowledge note)	2008	LAC Front office	1,019	604
Residential Electricity Subsidies in Mexico: Exploring Options for Reform and for Enhancing the Impact on the Poor	2009	LAC Front office	884	855
Mexico: Capital Market Development	2013	Other	879	615
Mexico's Transition to a Knowledge-Based Economy: Challenges and Opportunities	2008	Other	879	658

Source: Independent Evaluation Group estimates based on Open Knowledge Repository database. The data covers publications from FY08–17 and downloads and views from 2012 to January 31, 2018.

Note: tracked 2012–18 and published FY08–17. LAC = Latin America and the Caribbean.

TABLE H.8. **South-South Knowledge Exchange, Type of Exchange Distribution (FY08–17)**

	Total instances	percent of instances	Total instances with financial Info. available	percent instances with financial Info. available
Knowledge Exchange KE	33	28.2	19	57.6
Knowledge Provider KP	62	53.0	24	38.7
KE + KP	95	81.2	43	45.3
Knowledge Receiver KR	22	18.8	12	54.5
Grand Total	117	100.0	55	47.0

Source: Independent Evaluation Group estimates based on SSKE database. The data covers activity from 2009 to January 31, 2018.

TABLE H.9. **South-South Knowledge Exchange, Number of Exchanges (FY08–17)**

Row Labels	Total	Mexico Single KR	Mexico Single KP	Single Country Provider	Single Country Provider LAC only	Single Country Receiver	Single Country Receiver LAC	Bilateral	Bilateral LAC	Intra-LAC
KE	33	2	1	4	4	3	3	3	3	23
KP	62		42	43	43	49	18	37	13	21
KE + KP	95	2	43	47	47	52	21	40	16	44
KR	22	17	1	20	12	17	17	16	10	13
Total	117	19	44	67	59	69	38	56	26	57
percent of total	100	16	38	57	50	59	32	48	22	49

Source: Independent Evaluation Group estimates based on SSKE database. The data covers activity from 2009 to January 31, 2018.
Note: LAC = Latin America and the Caribbean.

TABLE H.10. South-South Trust Fund Overview, Grant Amounts ($, thousands)

Mexico						
Row Labels	Intra-regional Including Mexico	LAC with Other Region, Including Mexico	Mexico Single Country	Mexico Single Country Intra-regional	Total	Number of exchanges
KP	463.1	350.4	192.6	90.3	1,096.5	17
KR			42.9	46.3	89.2	2
No. of exchanges	8	3	6	2	19	
Total	463.1	350.4	235.5	136.7	1,185.7	
percent of Mexico	39.1	29.6	19.9	11.5	100.0	
percent of Total Fund	3.2	2.4	1.6	1.0	8.9	
Colombia						
	Intra-regional Including Colom-bia	LAC with Other Region, Including Colombia	Colombia Single Country	Colombia Single Country Intra-regional	Total	Number of exchanges
KP	815.9	649.7	89.9	203.1	1,758.5	26
KR	0.0	0.0	0.0	44.6	44.6	1
No. of exchanges	14	5	2	6	27	
Total	815.9	649.7	89.9	247.7	1,803.1	
percent of Colombia	45.3	36.0	5.0	13.7	100.0	
percent of Total Fund	5.7	4.5	0.6	1.7	12.6	
Brazil						
	Intra-regional Including Brazil	LAC with Other Region, Including Brazil	Brazil Single Country	Brazil Single Country Intra-regional	Total	Number of exchanges
KE	0.0	97.6	0.0	0.0	97.6	2
KP	519.9	982.7	747.2	149.4	2,399.2	41
KE+KP	0.0	108.1	0.0	0.0	108.1	43
KR		108,145			108,145	3
No. of exchanges	10	19	13	4	46	
Total	519.9	1,188.4	747.2	149.4	2,604.9	
percent of Brazil	20.0	45.6	28.7	5.7	100.0	
percent of Total Fund	3.6	8.3	5.2	1.0	18.2	
Overall Fund					14,304.6	251

Source: Independent Evaluation Group estimates based on SSTF database.

Note: The data covers activity from 2009 to December 15, 2017. LAC = Latin America and the Caribbean.

TABLE H.11. **South-South Trust Fund, Grant Amounts over Time ($, thousands)**

Mexico										
Row Labels	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Intraregional	114.4		134.4	93.3				25.0		463.1
LAC with Other Region			113.0		42.5			195.0		350.4
Single Country				35.1	42.3	62.6	45.6			235.5
Single Country Intraregional	90.3					46.3				136.7
No. of Exchang-es	3		2	3	2	3	3	1	2	19
Total	204.7		247.4	128.4	84.7	108.9	45.6	220.0		1,185.7
percent of total in country	17.3	0.0	20.9	10.8	7.1	9.2	12.3	3.8	18.6	100.0
percent of total	1.4	0.0	1.7	0.9	0.6	0.8	1.0	0.3	1.5	8.3
Colombia										
Row Labels	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Intraregional			275.9	134.0		49.0		25.0		815.9
LAC with Other Region	48.2	143.3	148.6					285.0		649.7
Single Country					48.9	41.0				89.9
Single Country Intraregional			89.0	44.2		114.4				247.7
No. of Exchang-es	1	1	5	4	1	5	8		2	27
Total	48.2	143.3	513.6	178.2	48.9	204.4		310.0		1,803.1
percent of total in country	2.7	8.0	28.5	9.9	2.7	11.3	19.8	0.0	17.2	100.0
percent of total	0.3	1.0	3.6	1.2	0.3	1.4	2.5	0.0	2.2	12.6
Brazil										
Row Labels	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Intraregional	152.4			49.0		63.4		25.0		519.9
LAC with Other Region	120.9	143.3	489.4	113.2		49.0	33.1	25.0		1,188.4
Single Country	90.2	130.5	101.3	232.4	192.8					747.2
Single Country Intraregional				29.0		46.3				149.4
No. of Exchang-es	4	2	6	11	4	4	12	1	2	46
Total	363.5	273.9	590.7	423.5	192.8	158.8	33.1	50.0		2,604.9
percent of total in country	14.0	10.5	22.7	16.3	7.4	6.1	19.9	1.3	1.9	100.0
percent of total	2.5	1.9	4.1	3.0	1.3	1.1	3.6	0.2	0.3	18.2

Source: Independent Evaluation Group estimates based on SSTF database.

Note: The data covers activity from 2009 to December 15, 2017. LAC = Latin America and the Caribbean.

[1] These data have been extracted by the World Bank's Information and Technology Service. Numbers presented here net out all downloads run by automated robotic search engines, which account for around half of all downloads. These data are intended to cover the period FY08-17; however there are indications that downloads for earlier years may be incomplete.

[2] Concerning the documents "only" coded for Mexico as a country, with no regional coding or not regionally coded for Latin America and the Caribbean, the numbers are 272 or 1.08 percent of the Open Knowledge Repository published between 2008 and 2018.

[3] However, data on views and downloads before 2012 are not included, which reduces their comparability. The higher total number of documents as well as the higher frequency of downloads suggests that the two databases, even if they overlap considerably, need to be reconciled.

[4] However, data on the Exchange activity was seldom isolated from project totals. Seemingly some $8.5 billion was spent on these activities, but this clearly refers to project totals.

[5] When the exchange was associated to a project number, irrespective of whether a Trust Fund number was also available, all financing was counted as BB.

Appendix I. Geospatial Analysis of World Bank Development Assistance in Mexico

In 2013 the World Bank adopted two ambitious goals: eliminate global extreme poverty and improve shared prosperity in every country in a sustainable way.[1] This implies reducing the poverty headcount ratio from 10.7 percent globally in 2013 to 3.0 percent in 2030 and boosting the income growth of the poorest 40 percent in each country. These two goals are part of a wider international development agenda and are intimately linked to United Nation's Sustainable Development Goals. It has been found that the targeting of aid to the poor at the subnational level can dramatically improve efficiency and help maximize the poverty-reducing effects of development programs (Elbers et al, 2007; Karlan and Thuysbaert, 2016).

Combined, geo-referenced poverty and aid data allow to evaluate targeting effectiveness of development interventions (see, for example, Nunnenkamp et al., 2017; Öhler et al, 2017). Initially, this can be done by correlating the geographical allocation of World Bank projects at regional level with regional measures of (under)development. Relatively high correlations are consistent with effective geographic targeting, whereby most resources are directed toward underdeveloped regions. However, finding low correlations may not necessarily point to poor targeting as there are many factors potentially affecting the allocation of World Bank projects. Therefore, a regression approach is necessary, controlling for other factors such as conflict, public spending and other factors. This appendix summarizes results of a complete analysis prepared as background to this evaluation (Negre et al. 2018). It aims to examine the subnational allocation of development intervention funding in one, spatially large middle-income countries with large regional and income disparities. Following the methodology developed by Öhler et al. (2017) and applied to projects of the World Bank's International Bank for Reconstruction and Development for middle-income countries, it looks at whether World Bank projects in Mexico flow to administrative areas where the bottom 40 are located.

In this analysis, we use the World Bank data not only on projects but also available data on budget support and analytical and advisory services to analyze the congruence between the location of the bottom 40 percent and the Bank interventions in Mexico. The analysis is important in that Bank interventions include not just project but, especially important in middle-income countries, extensive knowledge services and technical assistance which are often "packaged" as bundles of interventions rather than individual projects. So, broadening the geospatial analysis to include the broader menu of Bank interventions, and not only project, is an important contribution of the present analysis. Another difference is that income and consumption survey data are used here to identify the bottom 40. Growth of the income of the bottom 40 percent is the second official corporate goal of the Bank. However, until recently (Oehler et al. 2017), it has not been subject to geospatial analysis of this kind Finally, many other factors that have received only scant attention in previous research may affect within-country allocations (see below). This study attempts to account for some of these factors in the regression analysis, particularly the distribution of domestic expenditure and the aid of other donors.

Data and Methodology

All World Bank projects attributable to Mexican states in 2008–17 are subject of the geospatial analysis. The empirical analysis has been carried out in a similar vein as in the shared prosperity evaluation and the related World Bank Policy Research Paper by Öhler, Negre, Smets, Massari and Bogetić (2017). The basic questions to be answered in this phase are: (I) what is the correlation between the location of Bank projects in Mexico and the geographical distribution of the bottom 40 and the poor? and (ii) what other factors influence the allocation of World Bank funding? Again, the novelty of the present analysis is that we consider not only the IBRD investment projects but also a budget support operation as well as many knowledge interventions—analytical and advisory activities (AAA), which have not been subject of geospatial analysis to date. The data required for the geospatial analysis has been constructed in three steps.

First, geographic targeting of aid to the poor and bottom 40 requires data on poverty and bottom 40 at the local level as well as geocoded aid data. For Mexico, fortunately, a wealth of geographically disaggregated data is available, both at the regional (ADMIN 1) and the municipal level (ADMIN 2). With respect to poverty data, the Hidden Dimensions of Poverty Dataset includes geographically disaggregated data on poverty, health, education, electricity use, biodiversity, pollution, poverty and inequality. Furthermore, relying on Mexico's household surveys, the geographic distribution of the poorest 40 percent can be calculated. Geocoded aid data for Mexico are provided by the World Bank's Global Reach team and AidData—an open data initiative for international development. These flows mainly capture investment projects. Most of the World Bank investment projects in Mexico in 2008–17 have been geocoded and successfully assigned to Mexican states (23 out of 30). In addition, an initial geocoding exercise has been carried out with respect to many knowledge or AAA projects. Using the data thus constructed, we continue with a regression analysis of factors behind the observed correlations.

To this end, we first, we calculate an *indicator which measures the share of World Bank funding going to the B40.* In this case, a value of 0.4 implies a spatially neutral distribution of World Bank funding with respect to the bottom 40, a value higher than 0.4 implies that the B40 receive a higher share of funding compared with the rest of the population and a value lower than 0.4 means that the B40 are disadvantaged with respect to the distribution of World Bank projects.

The formula of this 'distribution' indicator is

$$I = \sum_{i=1}^{N} Aid\ share_i * \frac{B40_i}{Population_i},$$

where *Aid share*$_i$ is the share of World Bank funding allocated to state *i*, *B40*$_i$ the number of B40 and *Population* the population in state *i*.To account for other factors affecting the allocation of World Bank funding within countries, in particular the population size of the areas examined, regressions are estimated using, as the dependent variable, the share of World Bank funding each area receives. Zero-inflated beta regressions are undertaken because beta distributions are well suited in the case of continuous variables bound between 0 and 1.

The estimation equation is as follows:

$$y_i = \beta * B40_i + \mu' X + \varepsilon_i, \tag{1}$$

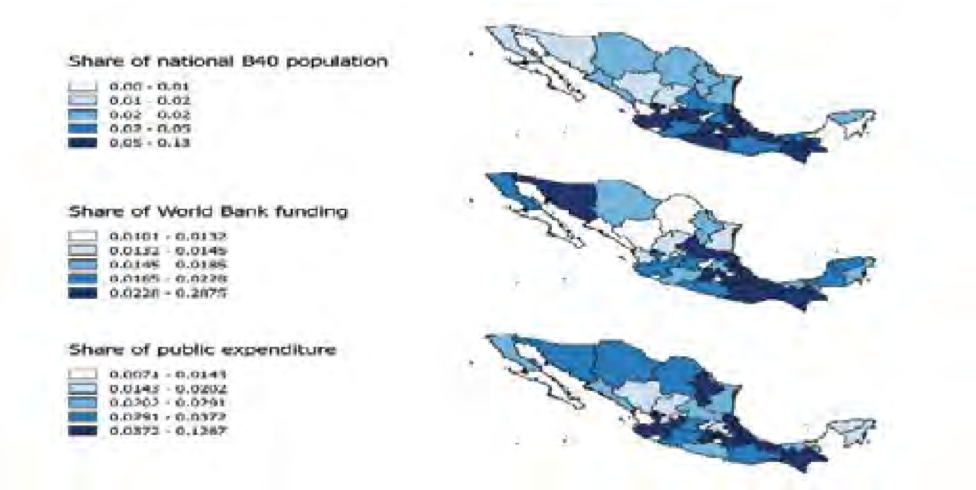
where y_i is the share of World Bank funding going to state *i*; $B40_i$ is the logarithm of the number of the bottom 40 living in state *i*; *X* is a set of control variables; and ε_i is an idiosyncratic error term. Robust standard errors are estimated. A control is applied for total population of a state (in log) to identify the effect of the number of the bottom 40 living in a state, independent of the population size of the state. In addition, conflict-related deaths per 100,000 inhabitants are used to gauge security and the risks in states more generally. Government expenditures are included because the World Bank may take government budgetary allocations across states into account in determining its own subnational resource allocations.

Results

Correlation results

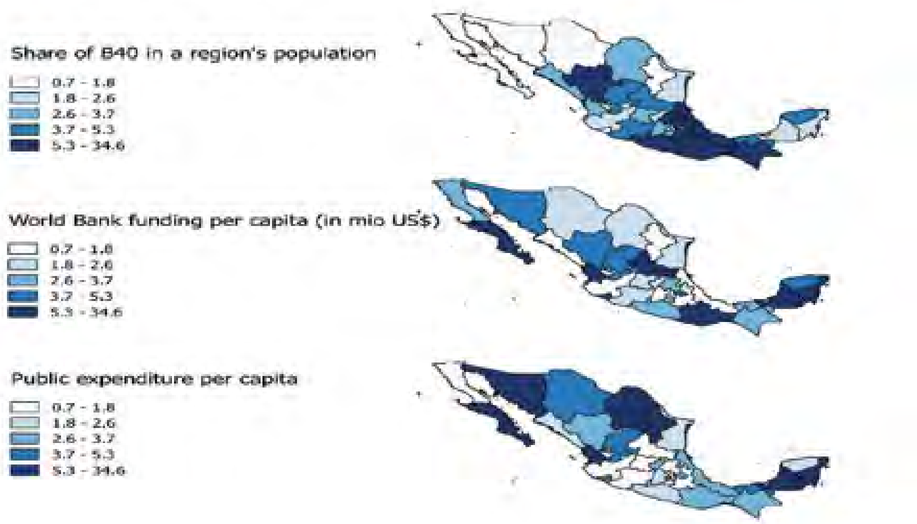
The present analysis considers 23, 31 and 44 projects, respectively, depending on the type of projects included—see Section 3 on data and methodology, and covers the 2008–17 period. Figure I.1 displays the geographic distribution of the share of the bottom 40 living in every state (top map) as well as the shares of both World Bank funding (middle map) and government's public expenditure (bottom map) allocated to that state. A simple visual inspection shows that states in the north are relatively underfunded by the World Bank when we compare the allocation of funds with the distribution of the B40 across states. By contrast, the distribution of the B40 and public expenditure appears to be fairly correlated. Figure I.2 displays the share of B40 in a region's population (as an indicator of how poor a state is) instead of the share of the national B40 and World Bank funding and public expenditure in per capita terms. It shows that relatively poor states (Chiapas, Guerrero, Puebla, Veracruz) do not seem to receive funds in corresponding fashion to the proportion of B40 in their population. The important exception is Oaxaca, which receives a fair amount of World Bank funds. We know from the Independent Evaluation Group Mexico country program evaluation and the field visit that this is not an accident: State of Oaxaca—on demand and in close collaboration with the state government—has been targeted by the Bank to receive substantial technical assistance on public sector management, which has continued and developed further during the period of analysis (IEG 2018). With respect to *government's public expenditure per capita,* however, we clearly see a negative correlation with the proportion of B40. The states in the north which share a border with the US receive a disproportionally high amount of government's public funds.

FIGURE I.1. **Share of B40, World Bank Project Funding (23 projects) and Public Expenditure per State**



Source: The authors' calculations based on data from the World Bank's Global Reach team, AidData and the World Bank's BOOST initiative

FIGURE I.2. **Share of B40 in a region's population, World Bank project funding per capita (23 projects) and public expenditure per capita per state**



Source: The authors' calculations based on data from the World Bank's Global Reach team, AidData and the Bank's BOOST initiative. The actual correlations confirm some of these apparent associations.

Table I.1 summarizes the main results and table I.2 shows the spatial distribution indicator of World Bank funding and public expenditure.

TABLE I.1. Correlation between Word Bank Funding or Public Expenditure (per capita) and B40 (in absolute and relative terms)

Correlation coefficients	Share of B40 population	Share of B40 in a region's population
Share of World Bank project funding (23 operations)	0.18	
Share of World Bank project and AAA funding (31 operations)	0.27	
Share of World Bank project, AAA and budget support funding (44 operations)	0.65	
Share of public expenditure	0.82	
World Bank project funding per capita		0.15
Share of World Bank project and AAA funding per capita		0.19
World Bank project, AAA and budget support funding per capita		0.12
Public expenditure per capita		0.42

TABLE I.2. Distribution indicator: How much is World Bank funding (and government expenditure) pro-B40, neutral to B40, or less than neutral to B40?

Distribution indicator	0.4 = neutral distribution
World Bank project funding	0.45
World Bank project and AAA funding	0.45
World Bank project, AAA and budget support funding	0.42
Public expenditure	0.39

First, the World Bank project funding that we can trace to state level (23 operations) is slightly correlated with the geographic distribution of the national B40 with a coefficient of 0.18. Second, if geographically identifiable AAA projects (8 operations) so far are also taken into account, the correlation coefficient increases to 0.27, which means that this type of projects included in our study has been better targeted to the areas where a larger number of people in the B40 live. Third, if budget support to the government is assumed to be perfectly fungible and congruent with the government's general budget, then we can consider that this type of funding follows the government's general geographic allocation. Since the government's public expenditure is very highly correlated (0.82) with the number of the B40 in a region, including budget support significantly increases further the correlation coefficient to 0.65. The high correlation between the government's public expenditure and presence of the B40 is simply due to the fact that more populated states receive more funding (see also the regression results). In fact, considering public expenditure per capita, we obtain a negative correlation with the proportion of B40 in a region's population (which is another indication of how poor a state is) (-0.42). On average, World Bank project funding does not only slightly tend to go to regions where many of the B40 live, but it also flows to comparatively poorer regions when measured in per capita terms (0.15). AAA projects per capita are also slightly correlated with poorer populous areas, so that when adding them to the analysis the overall correlation coefficient increases to 0.19

Our distribution indicator roughly resembles the above geographic targeting correlations of World Bank projects. It shows a disproportionate targeting of the relatively poor (bottom 40), indicating that overall 45 percent of World Bank funds are allocated to the B40. By contrast, the allocation of government's public expenditure is marginally below a distributionally neutral allocation (0.39).

TABLE I.3. **Zero-Inflated Beta Regressions: World Bank Funding and Government's Public Expenditure**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		World Bank funding			Public expenditure		
B40	0.251*** (0.044)	0.429** (0.180)	0.411** (0.180)	0.474** (0.209)	0.670*** (0.096)	−0.227** (0.099)	−0.219 (0.087)
Population		−0.220 (0.210)	−0.159 (0.213)	−0.521 (0.479)		1.188*** (0.101)	1.175*** (0.086)
Conflict-related deaths			−0.017 (0.030)	−0.022 (0.033)			0.004 (0.013)
Same party			0.258 (0.359)	0.300 (0.361)			−0.151 (0.094)
Public ex-penditure				0.345 (0.414)			
Observation							

Note: The dependent variable is the share of World Bank project funding (23 project). Robust standard errors in parentheses.
*** p<0.01, ** p<0.05, * p<0.1

Conclusions

The regression results show the following. First, World Bank funding is positively correlated with B40 in both absolute and relative (to population) numbers (columns 1 and 2). Second, the allocation of World Bank project funding is uncorrelated with the distribution of government's public expenditure (column 4). The other control variables are also not significant (population, conflict-related deaths, same party in power at the regional and federal level). And third, government's public expenditure is only positively correlated with the number of B40 when the overall state population is not controlled for (column 5). When accounting for the overall state population, the coefficient becomes significant and negative (columns 6 and 7). This implies that poorer states with larger populations of B40 receive less funds from the federal government than the other states.

Appendix J. Statistical Supplement

TABLE J.1. Key Development Indicators (2015)

	Mexico	Latin America and the Caribbean	Org. for Econ. Co-operation and Dev.	Middle-Income Countries	Upper Middle-Income Countries
Key development indicators, Economic					
Population, total (millions)	126	631	1,281	5,530	2,560
Population growth*	1	1	1	1	1
Urban population (percent of total)	79	80	80	51	64
Rural population (percent of total population)	21	20	20	49	36
GDP (current $, billion)	1,152	5,459	46,659	26,796	20,772
GDP per capita (current $, $)	9,153	8,651	36,412	4,845	8,113
GNI, Atlas method (current $, billions)	1,238	5,687	48,888	27,634	21,493
GNI per capita, Atlas method (current $, $)	9,830	9,012	38,152	4,997	8,394
Key development indicators, Social					
Life expectancy at birth, total (years)	77	75	80	71	75
Fertility rate, total (births per woman)	2	2	2	2	2
Adolescent fertility rate (births per 1,000 women ages 15–19)	62	64	22	40	30
Mortality rate, infant (per 1,000 live births)	13	15	6	30	13
Literacy rate, adult total (percent of people ages 15 and above)	94	..	..	85	95
School enrollment, primary (percent net)	95**	92	96	90	95
School enrollment, secondary (percent net)	..	76	89	66	79
School enrollment, primary***	103**	..	..	105	106
School enrollment, secondary***	90.5**	..	..	77.8	94.1
School enrollment, tertiary***	29.9**	..	..	33.3	46.9
Improved water source (percent of population with access)	96	95	99	92	95
Improved sanitation facilities (percent of population with access)	85	83	98	65	80

Source: WDI, all numbers from 2015, unless otherwise noted

* Population Growth (annual percent, exponential rate of growth of midyear population from year t-1 to t, expressed as a percentage)

** Numbers from 2014, earliest available

*** School enrollment, primary, secondary and tertiary as percent of gross, total enrollment, regardless of age, to the population of the age group that officially corresponds to the level of education shown

TABLE J.2. **Mexico GDP Evolution**

	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Evolution of GDP and deflators														
GDP (current $, billions)	344	684	866	965	1,043	1,101	895	1,051	1,171	1,187	1,262	1,298	1,152	1,047
GDP per capita (current $)	3,656	6,721	7,987	8,768	9,330	9,689	7,748	8,960	9,834	9,821	10,299	10,453	9,153	8,209
GDP deflator*	27	63	85	90	94	100	104	108	114	118	120	125	129	135
GDP deflator: linked series*	27	63	85	90	94	100	104	108	114	118	120	125	129	135
Inflation, consumer prices**	35	9	4	4	4	5	5	4	3	4	4	4	3	3
Inflation, GDP deflator	32	11	5	6	5	6	4	4	5	3	2	5	3	5
Inflation GDP def: linked series**	32	11	5	6	5	6	4	4	5	3	2	5	3	5
Evolution of GDP composition (percent of GDP)														
Agriculture, value-added	4	4	3	3	3	3	4	3	3	4	4	4	4	4
Industry, value-added	32	35	35	36	36	37	34	35	36	36	34	34	33	33
Services, etc., value-added	63	62	61	60	61	60	62	61	60	60	62	62	64	63

Source: WDI, Last Updated: 01/25/2018

* Base year varies by country

** Annual percent

TABLE J.3. External Debt

MEXICO	1995	2000	2001	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
GDP (current $, billions)	344	684	725	866	965	1,043	1,101	895	1,051	1,171	1,187	1,262	1,298	1,152	1,047
Total Ext. Debt (WEO, current $, b)	166	167	164	173	172	194	200	190	244	282	346	397	427	418	412
Total Ext. Debt of the Public Sector (Central Bank of Mexico current $, b)	--	--	--	72	55	55	57	96	110	116	126	134	148	162	181
Outstanding Multilateral Debt (IDS, current $, b)	19	17	17	17	8	9	11	17	21	23	25	27	28	28	28
Outstanding IBRD Debt (World Bank Group, current $, b)	14	11	11	9	4	5	6	10	13	15	15	15	15	15	15
IBRD loans and IDA credits (DOD, current $, b)	14	11	11	9	4	5	6	10	12	14	15	15	15	15	15
Total Ext. Debt of the Public Sector (percent of Total Ext. Debt)	48	24	23	20	18	19	18	21	23	24	29	31	33	36	39
Total External Debt (percent of GDP)	--	--	--	42	32	28	28	51	45	41	36	34	35	39	44
Outstanding Multilateral Debt (percent of Total External Debt)	11	10	10	10	5	5	5	9	9	8	7	7	7	7	7
Outstanding IBRD debt (outstanding multilateral debt)	76	66	65	55	51	50	55	59	59	65	58	55	53	53	52

Source: WEO 2017; Banxico; World Development Indicators; IDS of the World Bank; Independent Evaluation Group calculations.

Note: IBRD = International Bank for Reconstruction and Development; IDA = International Development Association; IDS = International Debt Statistics; WEO = World Economic Outlook.

TABLE J.4. **Growth, Poverty and Inequality key indicators (World Bank)**

		2008	2009	2010	2011	2012	2013	2014	2015	2016
GROWTH										
Mexico	GDP growth*	1.40	-4.70	5.11	4.04	4.02	1.36	2.27	2.63	2.30
LAC	GDP growth*	3.99	-1.74	5.78	4.39	2.82	2.79	1.32	-0.15	-0.67
MIC	GDP growth*	5.69	2.29	7.50	6.07	4.96	5.08	4.58	3.82	3.86
UMIC	GDP growth*	5.89	1.54	7.55	6.28	4.91	4.94	4.26	3.34	3.47
Mexico	GDP per capita growth**	-0.23	-6.22	3.49	2.50	2.52	-0.05	0.88	1.27	0.98
LAC	GDP per capita growth**	2.70	-2.94	4.52	3.17	1.64	1.63	0.21	-1.21	-1.70
MIC	GDP per capita growth**	4.45	1.09	6.25	4.85	3.75	3.87	3.39	2.66	2.71
UMIC	GDP per capita growth**	5.12	0.79	6.76	5.49	4.11	4.13	3.46	2.56	2.68
Mexico	GNI growth***	1.66	-4.49	5.25	3.30	3.58	0.09	2.95	2.70	2.37
LAC	GNI growth***	3.80	-1.97	6.32	4.24	3.39	3.07	1.03	-0.07	-0.68
MIC	GNI growth***	3.99	-0.37	6.48	4.32	3.56	3.68	3.31	..	..
UMIC	GNI growth***	..	..	..	..	..	..	..	..	..
Mexico	GNI per capita growth***	0.03	-6.01	3.62	1.76	2.09	-1.31	1.56	1.34	1.05
LAC	GNI per capita growth***	2.52	-3.16	5.05	3.02	2.20	1.91	-0.08	-1.14	-1.71
MIC	GNI per capita growth***	2.77	-1.54	5.24	3.11	2.36	2.49	2.14	..	..
UMIC	GNI per capita growth***	..	..	..	..	..	..	..	..	..
POVERTY										
Mexico	Poverty headcount ratio at $1.90 a day†	3.80	..	3.80	..	2.70	..	3.00	..	..
LAC	Poverty headcount ratio at $1.90 a day†	7.10	..	6.40	5.90	5.10	4.90	..	..	..
MIC	Poverty headcount ratio at $1.90 a day †	..	..	..	..	..	..	..	..	..
UMIC	Poverty headcount ratio at $1.90 a day†	9.80	..	7.70	5.80	4.90	2.30	..	..	..
INEQUALITY										
Mexico	GINI index††	48.20	..	48.10	..	48.10	..	48.20	..	..
LAC	GINI index††	..	..	..	..	..	..	..	..	..
MIC	GINI index††	..	..	..	..	..	..	..	..	..
UMIC	GINI index††	..	..	..	..	..	..	..	..	..

Source: WDI.

Note: LAC = Latin America and the Caribbean.
*(annual percent, annual percentage growth rate of GDP)
**(annual percent, annual percentage growth rate of GDP per capita based on constant local currency)
***(annual percent)
†(2011 PPP) (percent of population)
††(World Bank estimate)

TABLE J.5. **Poverty Measures of the Government of Mexico**

	Percentages				Millions of people				Average deficiencies			
	2010	2012	2014	2016	2010	2012	2014	2016	2010	2012	2014	2016
Poverty												
Population in poverty (MPI)[a]	46.1	45.5	46.2	43.6	52.8	53.3	55.3	53.4	2.6	2.4	2.3	2.2
Population in moderate poverty	34.8	35.7	36.6	35.9	39.8	41.8	43.9	44.0	2.2	2.0	1.9	1.9
Population in extreme poverty	11.3	9.8	9.5	7.6	13.0	11.5	11.4	9.4	3.8	3.7	3.6	3.5
Population vulnerable through social deficiencies	28.1	28.6	26.3	26.8	32.1	33.5	31.5	32.9	1.9	1.8	1.8	1.7
Population vulnerable through income	5.9	6.2	7.1	7.0	6.7	7.2	8.5	8.6	0.0	0.0	0.0	0.0
Population neither poor nor vulnerable	19.9	19.8	20.5	22.6	22.8	23.2	24.6	27.8	0.0	0.0	0.0	0.0
Social Deprivation												
Population with at least one social deficiency	74.2	74.1	72.4	70.4	85.0	86.9	86.8	86.3	2.3	2.2	2.1	2.0
Population with at least three social deficiencies	28.2	23.9	22.1	18.7	32.4	28.1	26.5	23.0	3.6	3.5	3.5	3.4
Social Deficiency Indicators												

Education lag	20.7	19.2	18.7	17.4		23.7	22.6	22.4	21.3		3.1	2.9	2.8	2.6
Deficiency due to access to health services	29.2	21.5	18.2	15.5		33.5	25.3	21.8	19.1		3.0	2.8	2.8	2.7
Deficiency due to access to social security	60.7	61.2	58.5	55.8		69.6	71.8	70.1	68.4		2.5	2.3	2.3	2.2
Deficiency due to quality and space of housing	15.2	13.6	12.3	12.0		17.4	15.9	14.8	14.8		3.6	3.4	3.3	3.1
Deficiency due to Access to basic services in the home	22.9	21.2	21.2	19.3		26.3	24.9	25.4	23.7		3.3	3.2	3.1	2.9
Deficiency due to Access to food	24.8	23.3	23.4	20.1		28.4	27.4	28.0	24.6		3.0	2.9	2.8	2.6
Well-being														
Population with incomes below the mín. well-being line	19.4	20.0	20.6	17.5		22.2	23.5	24.6	21.4		2.9	2.5	2.5	2.4
Population with income below the well-being line	52.0	51.6	53.2	50.6		59.6	60.6	63.8	62.0		2.3	2.1	2.0	1.9

Source: Consejo Nacional de Evaluación de la Politica de Desarrollo Social, based on MCS-Encuesta Nacional de Ingresos y Gastos de los Hogares [the National Household Income and Expenditure Survey; ENIGH]) 2010, 2012, 2014 and MEC 2016 by MCS-ENIGH.

Note: a. Multidimensional Poverty Index.

FIGURE J.1. Growth and Poverty

Source: Independent Evaluation Group.

TABLE J.6. Private Sector Development Indicators

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Ease of doing business indexa	..	..	..	..	..	..	..	45	47
Profit tax (percent)	52	51	51	53	53	52	52	52	52
Strength of governance structure index (0–10.5)	..	..	..	..	..	6	6	6	6
Strength of insolvency framework index (0–16)	..	..	..	..	..	10	12	12	12
Strength of investor protection index (0 to 10)	..	..	..	..	..	6	6	6	6
Time required to start a business (days)	11	10	9	9	9	8	8	8	8
Total tax rate (percent of profit)	52	51	51	53	53	52	52	52	52

Source: Ease of Doing Business.

Note. a. Ranking from 1 to 185, where 1 is easiest and 185 most difficult.

TABLE J.7. Governance Indicators

Governance indicators	2008	2009	2010	2011	2012	2013	2014	2015	2016
Control of Corruption: Estimate	-0.24	-0.30	-0.36	-0.40	-0.41	-0.51	-0.76	-0.77	-0.77
Control of Corruption: Percentile Rank	50.00	47.85	42.86	41.71	42.65	37.44	24.52	23.56	23.08
Government Effectiveness: Estimate	0.19	0.18	0.16	0.31	0.34	0.35	0.20	0.21	0.14
Government Effectiveness: Percentile Rank	60.68	60.29	60.29	63.51	63.51	63.03	61.54	61.54	59.62
Pol. Stab. and Absence of Violence/ Terror-ism: Estimate	-0.80	-0.69	-0.73	-0.67	-0.66	-0.71	-0.85	-0.80	-0.77
Pol. Stab. and Abs. of Vio-lence/Terrorism: Percentile Rank	19.23	22.27	23.22	26.07	24.64	23.22	17.62	21.43	20.00
Regulatory Quality: Estimate	0.34	0.22	0.25	0.28	0.48	0.47	0.43	0.36	0.29
Regulatory Quality: Percentile Rank	62.62	57.89	58.37	58.29	67.77	67.30	66.83	64.90	64.42
Rule of Law: Estimate	-0.67	-0.56	-0.55	-0.55	-0.53	-0.54	-0.42	-0.45	-0.50
Rule of Law: Percentile Rank	29.81	35.55	35.55	34.27	37.09	35.68	37.98	38.46	33.17
Voice and Accountability: Estimate	0.13	0.20	0.18	0.12	0.11	0.11	0.00	-0.08	-0.09
Voice and Accountability: Percentile Rank	51.92	55.45	54.98	53.05	53.99	53.05	48.77	44.33	43.84

Source: Worldwide Governance Indicators.

TABLE J.8. **Infrastructure and Environment Indicators**

Infrastructure and Environment	2008	2009	2010	2011	2012	2013	2014	2015	2016
Access to electricity (percent of population)	98.9	99.1	99.2	99.6	99.1	99.9	99.2	—	—
RE consumption (percent of tot. final energy consumption)	9.8	9.2	9.4	9.1	9.0	9.2	9.8	—	—
Renewable electricity output (percent of total elec. output)	17.5	12.9	16.6	14.9	13.8	13.3	17.5	—	—
Inv. in energy w. private participation (current $, millions)	562	—	800	1,207	2,130	2,118	4,510	2,546	3,587
Annual freshwater withdrawals, total (percent of internal resources)	—	—	—	—	19.6	—	19.6	—	—
Inv. in W&S with private participation (current $, millions)	39	289	793	268	42	141	1,047	1,425	—
Forest area (percent of land area)	34.33	34.27	34.21	34.16	34.11	34.07	34.02	33.97	—
Annual deforestation (percent of change)	—	—	0.20	—	—	—	—	0.18	—
Forest area (thousands of sq. km)	667	666	665	664	663	662	661	660	—
Inv. in transport w. private participation (current $, millions)	905	1,739	1,099	2,729	1,593	3,741	629	787	423
CO_2 emissions (metric tons per capita)	4.34	4.12	3.96	4.07	4.11	4.00	3.87	—	—
CO_2 emissions (kg per 2010 $of GDP)	0.47	0.48	0.44	0.44	0.44	0.43	0.41	—	—
PM2.5 air pollutiona	—	—	100	100	100	100	100	100	—
Droughts, floods, ext. temps (percent of population, average 1990–2009)	—	0.15	—	—	—	—	—	—	—
Total natural resources rents (percent of GDP)	6.57	3.78	4.85	6.92	6.61	5.78	4.86	2.26	—
Natural gas rents (percent of GDP)	0.35	0.26	0.16	0.27	0.34	0.30	0.28	0.15	—
Oil rents (percent of GDP)	5.60	3.00	3.80	5.35	5.05	4.43	3.69	1.31	—
Forest rents (percent of GDP)	0.07	0.08	0.13	0.10	0.10	0.11	0.15	0.16	—
Mineral rents (percent of GDP)	0.44	0.40	0.69	1.08	1.06	0.91	0.72	0.63	—
Coal rents (percent of GDP)	0.11	0.05	0.07	0.13	0.06	0.04	0.03	0.02	—

Source: Sustainable Development Goals database, Last Updated: 12/21/2017.

Note: — = not available.

a. Population exposed to levels exceeding World Health Organization guideline value (percent of total).

Appendix K. List of Persons Met

World Bank

Gerardo Corrochano	Mexico Country Director July 2017
Jutta Ursula Kern	Interim Director Mexico, December 2017
Gloria Grandolini	Former Mexico Country Director
Axel van Trotsenburg	Former Mexico Country Director
Marcelo Giugale	Former Lead Economist, Mexico
Augusto de la Torre	Former Chief Economist, Latin America and the Caribbean
Andrea L. Merrick	Senior Country Officer
Luis Lopez-Calva	Practice Manager, Poverty Global Practice Europe and Central Asia
Jose Ernesto Lopez-Cordova	Practice Manager for Competitive Sectors, Trade & Competitiveness Global Practice, World Bank
Marialisa Motta	Practice Manager Latin America and the Caribbean, Private Sector Development
Maria de los Angeles Miranda	Former Head of International Affairs at Hacienda
Gabriela Vidals	Operations Officer
Eva Gutierrez	Former Program Manager and Lead, Financial Sector, Mexico
Harold Bedoya	Former Operations Adviser, Latin America and the Caribbean
Steen Byskov	Former Lead Economist, Financial Sector
Alexandra Ortiz	Former Program Leader, Sustainable Development
Joost Draaisma	Senior Country Economist for Mexico
Guadalupe Toscano	Public Sector Mgmt. Specialist
Leonardo Iacovone	Lead Economist
Esperanza Lasagabaster	Practice Manager, Global, Finance, Competitiveness & Innovation
Martha Martínez Licetti	Lead Economist Trade & Competitiveness
Tanja K. Goodwin	Economist Trade & Competitiveness, Latin America and the Caribbean
Alejandro Espinosa-Wang	Senior PSD Specialist
John Millies Anderson	Economist
Eva Schiffer	Leadership Development Specialist, Governance
Zenaida Hernandez Uriz	Senior Private Sector Specialist, Trade & Competitiveness
Alvaro S. Gonzalez	Principal Economist
Laura Dachner Cirano	Consultant
Eva Clemente	Private Sector Specialist
Doyle Gallegos	Lead ICT Policy Specialist
Enrique Fanta	Senior PSD Specialist

Rekha Reddy	Senior Economist, Latin America and the Caribbean, Financial Sector
Dan Boyce	Practice Manager Financial Accountability and Reporting
Wendy Cunningham	Social protection and Labor specialist
Fernando Blanco	Lead Economist, MFM Global Practice
Gladys Lopez-Acevedo	Sr Poverty Economist, office of Chief Economist Latin America and the Caribbean
Rafael de Hoyos Navarro	Lead Economist, Education Global Practice
Carlos Rodriguez-Castelan	Senior Economist, Poverty Global Practice
Samuel Freije—Rodriguez	Lead Economist, Poverty and Equity Global Practice
David Rosenblatt	DEC, former Latin America and the Caribbean Senior Economist
Erwin de Nys	Program Leader, LCC country Unit Mexico and Colombia
Jasmin Chakeri	Senior economist, Macro-Fiscal Management - Latin America
Paula Villasenor	World Bank's Education Global Practice - World Development Report 2018 Consultant; previously, Appointed General Director within Mexico's Ministry of Education
Claudia Macias	Senior Operations Officer
Theresa Jones	Former Lead Operations Officer SPL
Angela Armstrong	Senior Natural Resources Management Specialist
Steen Byskov	Senior Financial Sector Economist, FM (Finance & Markets)/Latin America and the Caribbean
Christopher Kurowski	Lead Heath Specialist, Health, Nutrition & Population Global Practice
Gustavo Saltiel	Lead Water Supply and Sanitation Specialist, Peru
Maria Eugenia Bonilla-Chacin	Lead Economist, HNP (Health, Nutrition & Population)
Adriana Moreira	Senior Environmental Specialist based in Brazil
Alessandra Marini	Senior Social Protection & Labor Economist
William Wiseman	Program Leader, Social Protection & Labor

Mission Supporters

Karina M. Kashiwamoto	Language Program Assistant
Karim Omar Lara Ayub	Operations Analyst
Diana Gabriela Jimenez Cruz	Program Assistant
Alejandra Ramon	Program Assistant
Angélica Calderon	Program Assistant
Nancy Montes de Oca	Team Assistant

David Omar Islas Orduno	Team Assistant
Rainghardt Villarreal	Security Specialist

IFC

Ary Naim	Country Manager
Eduardo Wallentin	Senior Manager—Economist - Country Engagement Unit
Marco Brujis	CEO—Asset Management Company (former Director –Financial Institutions Group [FIG])
Gabriel Espana	Principal Investment Officer—MAS (The Manufacturing, Agribusiness, and Services Industry Group [IFC])
Gabriel Goldschmidt	Director for Latin America and the Caribbean Climate/Environment - MAS
Douglas Grayson	Principal Financial Specialist—Housing - FIG
Britt Gwinner	Principal Operations Officer—Housing - FIG
Jane Jenkinson	Senior Industry Specialist—Real Estate/Construction - MAS
Josep Julia	Chief Investment Officer—DARP - FIG
Tania Kaddeche	Manager - MAS
Chris McCahan	Chief Investment Officer—Health/Education—MAS
Gayle McGuigan	Consultant (Special Operations Unit)
Jennifer McLeod Petrini	Senior Investment Officer—Private Equity Funds
Lucia Baltazar	Investment Analyst - FIG
Ivy Figueroa	Senior Investment Officer - FIG
Marco Hernandez	Investment Officer – China-Mexico Fund
Marta Kozak	Associate Investment Officer – FIG
Andreas Millan Drews	Chief Investment Officer—China Mexico Fund/MAS
Andrea Onate	Investment Officer - MAS
Stephanie Rubach	Investment Officer - FIG
Daniel San Roman	Principal Investment Officer - MAS
Norbert Schneider	Principal Investment Officer - FIG
Cesar Urrea	Head China Mexico Fund
Violeta Velazquez	Senior Investment Officer - MAS
Laura Vila	Senior Investment Officer—China Mexico Fund/MAS

GOVERNMENT

AFDZEE	*(Autoridad Federal para el Desarrollo de las Zonas Económicas Especiales* / Federal Authority for the Development of Special Economic Zones)
Carlos Zafra	Head of the Strategic Planning Unit
	Banobras (Banco Nacional de Obras y Servicios Públicos / National Bank for Public Works and Services)
Uriel Cervantes Gozalez	Deputy Manager, internacional
Sandra Romero Osorio	Manager, International
Juan Robles	Deputy General Director, Financing and Technical Assistance to Governments
Virna Pricila Gutiérrez Gomez	Director, Economic and Sectoral Analysis
Carlos Mier y Terán	Director, Massive Transport
	Bansefi (Banco del Ahorro Nacional y Servicios Financieros / National Savings and Financial Services Bank)
Ismael Diaz	Former Director
Gonzalo Tapia	Director, in Charge of World Bank Projects
	Banxico (Banco de México / Bank of Mexico)
Dr. Alejandro Díaz de León	Governor
Dr. Alan Elizondo	Senior Director for Financial Sector Issues
Jose Luis Negrín Muñoz	Director for Evaluation of Financial Services
Ricardo Ochoa	Former head of the Intrernational Affairs Unit
	CFE (Comisión Federal de Electricidad / Federal Electricity Commission)
Rosa Aracely Acosta	Technical assistant manager
	CNBV (Comisión Nacional Bancaria y de Valores / National Banking and Stocks Commission)
Carlos Orta Tejada	Vice president of Regulatory Policy
José Loyola Trujillo	General Dircetor of International Affairs
	CNH (Comisión Nacional de Hidrocarburos / National Hydrocarbons Commission)
Gabriela González	Executive Secretary
Adamelia Burgeno Mercado	General Director, Statistics and Economic Evaluation
	COFECE (Comisión Federal de Competencia Económica / Federal Commission of Economic Competition)
David Lamb Valdés	General Director, Competitiveness
	COFEMER (Comisión Federal de Mejora Regulatoria / Federal Commission on Regulatory Improvement)

Mario Emilio Gutiérrez Caballero	Director General
José Daniel Jiménez Ibañez	General Coordinator of Special Projects
Alejandra Diaz Perez	Executive Coordinator
Franco Pineda	Director of States and Municipalities
Juan Jose Cabrera Monrray	Director of Special Projects
Vanya Ponce Valirece	Deputy Director of Special Projects
	CONABIO (Comisión Nacional para el Conocimiento y Uso de la Biodiversidad / National Commission for the Knowledge and Use of Biodiversity)
Pedro Alvarez Icaza Longoria	General Coordinator for Corridors and Biological Resources
	CONAFE (Consejo Nacional de Fomento Educativo / National Council for Education Development)
Arturo Rodríguez Marmolejo	Deputy Director
	CONAFOR (Comisión Nacional Forestal / National Forestry Commission)
Francisco Quiroz Acosta	Head of the International Affairs and Financial Development Unit
José Carlos Fernández	STC- former CONAFOR
	CONAGUA (Comisión Nacional del Agua / National Water Commission)
Griselda Medina	*CONDUSEF (Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros* / National Commission for the Protection and Defense of Financial Services Users)
Luis Fabre Pruneda	Vice President
	CONSAR (Comisión Nacional del Sistema de Ahorro para el Retiro / National Commission for the Retirement Savings System—Pensions System Regulator)
Mtro. Carlos Ramírez Fuentes	President
Antonio Salvador Reyna Castillo	Vice President, Legal
Carlos Marmolejo Trujillo	Vice Presidente, Operations
Fernanda Vaudrecourt	Coordinator, Startegic Planning and Special Projects
	CPFF (Comisión Permanente de Funcionarios Fiscales / Permanent Commission of Fiscal Officials)
Aunard Agustín de la Rocha Waite	Coordinator
	CRE (Comisión Reguladora de Energía / Energy Regulatory Commission)
Marcelino Madrigal	Commissioner
	FIRCO (Fideicomiso de Riesgo Compartido / Trust for Shared Risk)

Octavio Montufar Avilez	Regional Manager
	FND (Financiera Nacional de Desarrollo Agropecuario, Rural, Forestal y Pesquero / National Agricultural, Rural, Forestry and Fishing Development Fund)
Hector Peňa Gimenez	Director, Business Development
Josefina Fernandez	Head of Unit, World Bank and IDB projects
	Government of the City of Mexico (Gobierno de la Ciudad de México)
Edgar Amador Zamora	Secretary of Finance
	Government of the State of Coahuila *(Gobierno del Estado de Coahuila)*
C.P. José Antonio Gutiérrez Jardón	Secretary of Economic Deevlopment, Competitiveness and tourism
Lic. Félix Adrián Fuentes Villalobos	Former Secretary of Economic Development
Dr. David Gustavo Rodríguez Rosario	Secretary of Economic Deevlopment and Tourism Government of the State of Tabasco *(Gobierno del Estado de Tabasco)*
Alejandro Lopez Tinoco	Director of Regulatory Environment
	IMSS (Instituto Mexicano del Seguro Social / Mexican Institute for Social Security)
Victor Hugo Borja Aburto	Head of Unit, Primary Health Care
	INDETEC (Instituto para el Desarrollo Técnico de las Haciendas Públicas / National Institute for the Development of Public Agencies)
Mtro. Alfonso Chávez Fierro	Director General
Alfonso Chavez Fierro	General Director
Carlos A. Leon Gonzalez	Accountant
	INEE (Instituto Nacional para la Evaluación de la Educación / National Institute for the Evaluation of Education)
Margarita Zorrilla Fierro	Counselor
Teresa Bracho González	Counselor
	INECC (Instituto Nacional de Ecología y Cambio Climático / National Institute of Ecology and Climate Change)
María Amparo Martínez	General Director
Miguel Gerardo Breceda Lapeyre	General Coordinator for Green Growth
Iris Adriana Jimenez Castillo	Director, International Affairs
	INEGI (Instituto Nacional de Estadística y Geografía / National Institute of Statistics and Geography)

David Rogelio Campos Cornejo	Director General
Gerardo Leyva	Research Coordinator
	INSP (Instituto Nacional de Salud Pública / National Institute of Public Health)
Juan Ángel Rivera Dommarco	Director General
Ricardo Pérez Cuevas	Director General, Research Center on Health Systems
Octavio Gomez Dantes	Researcher, Research Center on Health Systems
	Ministry of Economic Development, City of Mexico *(Secretaría de Desarrollo Económico, Cuidad de Mexico)*
Edgar Rosas Chavez	Director, Administration
	Ministry of the Economy, Oaxaca *(Secretaría de Economía de Oaxaca*)
Mario Jesus Rodríguez Socorro	Secretary of the Economy
Claudio Armando Rosas Terán	Director, Sectoral Development
Dennyse Valeriano Hernández	Department Chief, Institutioanal Linkages
María del Carmen Zardain	Director, Economic Development
Ahmed Guran Garcia	General Coordinator, SEZs
	Ministry of Health *(Secretaría de Salud)*
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Lourdes Gonzalez Carmona	Manager, Financial Agents
Ivan Cornejo	Deputy Director, Project Finance by International Financial Institutions
Myrna Guadarrama	Financial Agent
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Jaime Gutiérrez Casas	Director General of Planning and Monitoring
Celestino Calderón Martínez	Director General of Coordination
Josué Jasán Vargas Olmos	Director General of Information, Geostatistics, Analysis and Evaluation
Rogelio Omar Grados Zamudio	Director General of Evaluation

Laura Elizabeth Durán Barbosa	Director of Operations
Daniel Rosales Méndez	Director of Planning and Execution of Operating Measurement
Teresita De Jesús Fausto Moya	Director of Productivity
Julio Vargas Olmos	Director of Field-Based Processes Execution
Paulina Rodríguez Salinas	Adviser in International Relations with Other States
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	SE (Secretaría de Economía / Ministry of the Economy)
Raúl Rendón	Director General, Innovation and Services
Ángel Villalobos Rodríguez	Director General, Foreign Investment
Raul Rendon	General Director, Innovation and Services
Claudia Ivette García Romero	Former General Director, Innovation and Services Consultant,
	SEDESOL (Secretaría de Desarrollo Social / Ministry of Social Development)
Javier Garcia Bejos	Deputy Secretary of Planning, Evaluation and Social Development
Maria Consuelo Lima Moreno	Head of Unit of Planning and International Relations
Luis Inaki Alberro	Director General of Geostatistics and Beneficiary Registry of SEDESOL
Juan Jose Miranda	Director General of Social Participation
Blanca Lilia Garcia Lopez	Director General of International Relations and Special Projects
Ariel Alvarez	Director General of Regional Development
Oliver Arroyo Ramon	Director General of Evaluation and Monitoring
Miguel Szekely	Independent consultant - Former Undersecretary for Planning and Evaluation at the Ministry of Social Development of Mexico
	SEMARNAT (Secretaría del Medio Ambiente y Recursos Naturales / Ministry of Environment and Natural Resources)
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	SENER (Secretaría de Energía / Ministry of Energy)
Leonardo Beltrán	General Director
Santiago Creuheras Diaz	General Director for energy efficiency and sustainability
	SEP (Secretaría de Educación Pública / Ministry of Education)
María del Rosario Nolasco Fonseca	Adviser for the Sectoral Coordination of Academic Development in Upper Secondary Education
Lorenzo Baladrón Zeeh	Technical Adviser in Education Management
Pedro Velasco Sod	Technical Adviser in Strategy School at Center
Grisselda Olmos Villegas	Deputy Director of Models of Education Innovation
Salvador Malo Álvarez	Director General of Tertiary Education

Daniel Hernández Franco	Sectoral Coordinator of Monitoring and Development in Upper Secondary Education
	SEPAF (Secretaría de Planeación, Administración y Finanzas / Ministry of Planning and Finance Administration)
Mtra. Carolina Toro Morales	Deputy Secretary, Planning and Evaluation
	SFP (Secretaría de la Función Pública / Ministry of the Civil Affairs)
Dante Preisser Renteria	Head of the Linkages with National Anticorruption Systems Unit
Alejandra Rascón Rodriguez	Head of the Government Opening Policy and International Cooperation Unit
Efrain Guadarrama Perez	Director, Analysis and Anticorruption Matters
	SHCP (Secretaría de Hacienda y Crédito Público / Ministry of Finance)
Dr. Luis Madrazo Lajous	Head of the Economic Planning and Public Finance Unit
Gabriela Calderon Guemez	Deputy Director General, Economic Productivity Unit
Eduardo Piedra González	Director General, Productivity Policy and Projects
Dr. Miguel Messmacher Linartas	Deputy Secretary, Revenue
Dr. José Bernardo González Rosas	Head of the Banking, Securities and Savings Unit
Carlos Márquez	Head of the International Affairs Unit
Dr. Alberto Torres García	Head of the Public Credit Unit
Juan Rebolledo Marquez Padilla	Head ofTriburtary Revenue Policy Unit
Maria Jose Rodriguez Garcia	Deputy Chief Economist
Victor Hugo Gomez Ayala	Head of Investor Relations Office
Luis Felipe Perez Gomez	Economic Productivity Unit
Victoria Eugenia Freyssinier Ponce	Economic Productivity Unit
	SHF (Sociedad Hipotecaria Federal / Federal Mortgage Society)
Pedro Valdez Valderrama	Deputy Director General, Business Development
Homero Garza Teran	Director, Market Development

OTHER AGENCIES

CANIETI *(Cámara Nacional de la Industria Electrónica de Telecomunicaciones y Tecnologías de la Información, Sede Occidente* / Mexican Chamber of Electronics, Telecommunications and Information Technologies, Western Headquarters)

Oswaldo Garcia	Director General
	CEES (Centro de Estudios Educativos y Sociales / Center for Educational and Social Studies)
Miguel Székely	Director
	CEEY (Centro de Estudios Espinosa Yglesias / Espinosa Yglesias Studies Center)
Dr. Roberto Vélez	Executive Director
	CIDE (Centro de Investigación y Docencia Económicas / Center for Research and Teaching of Economics)
John Scott	Principal Researcher and Full Professor
Dra. Gabriela Pérez Yarahuán	General Coordinator and Research Associate
Alain de Remes	Academic Coordinator, *Laboratorio Nacional de Políticas Públicas* / National Public Policy Lab
	CIEP (Centro de Investigación Económica y Presupuestaria / Center for Economic and Budgetary Research)
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Appendix L. Comments from the Government

No comments were received from the government.

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