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## **MEXICO**

# **DEVELOPMENT OF INNOVATIVE FINANCING INSTRUMENTS FOR SMALL AND MEDIUM-SIZED MUNICIPALITIES**

**(ME-T1008)**

## **PLAN OF OPERATIONS**

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### **BASIC SOCIOECONOMIC DATA**

For basic socioeconomic data, including public debt information, please refer to the following address:

<http://www.iadb.org/RES/index.cfm?fuseaction=externallinks.countrydata>

## **ABBREVIATIONS**

BANOBRAS	Banco Nacional de Obras y Servicios Públicos, S.N.A
FORTEM	Strengthening Program for States and Municipalities
JSF	Japan Special Fund
SMSP	Small-and medium-sized municipalities
SNCF	National Fiscal Coordination System
SNG	Sub-national government

**PLAN OF OPERATIONS**  
**DEVELOPMENT OF INNOVATIVE FINANCING INSTRUMENTS FOR SMALL AND MEDIUM-SIZED MUNICIPALITIES**

**(ME-T1008)**

**EXECUTIVE SUMMARY**

<b>Beneficiary:</b>	The municipalities of Benito Juárez, Cozumel, Felipe Carrillo Prieto, José María Morelos, Lázaro Cárdenas, Islas Mujeres, Othón P. Blanco and Solidaridad in the state of Quintana Roo		
<b>Executing agency:</b>	<i>Banco Nacional de Obras y Servicios Públicos, S.N.C. (BANOBRAS)</i>		
<b>Financing:</b>	IDB: (JSF)	US\$	384,000
	Local:	US\$	96,000
	Total:	US\$	480,000
<b>Objectives:</b>	To design, test, and implement a pooled financing instrument that will facilitate the access to long-term financing for small- and medium-sized municipalities.		
<b>Execution timetable:</b>	This operation will be executed in six months and disbursed in eight months		
<b>Special contractual conditions:</b>	As a condition prior to first disbursement, BANOBRAS will present evidence to the Bank of the counterpart team assigned by the municipalities (par.4.2)		
<b>Exceptions to Bank Policies and Procedures:</b>	None		
<b>Environmental and social review:</b>	Reviewed and approved by CESI on November 18, 2005		
<b>Coordination with Other Donors:</b>	The Japan Special Fund (JSF) is funding this initiative.		

## I. BACKGROUND AND JUSTIFICATION

- 1.1 The decentralization process in Mexico has been characterized by a slow but steady transfer of resources to subnational governments (SNG), primarily through the reforms introduced into the *Sistema Nacional de Coordinación Fiscal* [National Fiscal Coordination System] or SNCF for its Spanish abbreviation. This system centralizes the collection of the main taxes at the national level, and transfers them to the SNG through three mechanisms: (i) revenue sharing; (ii) administrative cooperation agreements; and (iii) contribution funds. The SNCF has a major impact on resource redistribution among SNG, while also affecting their fiscal efforts. In addition to resources from the SNCF, the SNG enjoys significant autonomy in contracting financial obligations at the national level. The Mexican Constitution, however, does not allow SNG governments to enter into direct financial obligations with international financial organizations, such as the Bank, and they may do so through a Mexican financial intermediary designated by the Government of Mexico.
- 1.2 With 32 states and 2,500 municipalities, Mexico exhibits a wide range of strengths and weaknesses, among which the most salient are: development planning and investment management; human resources management; financial and tax administration; environmental management; and mechanisms to ensure transparency and monitoring of public-sector decisions. The Bank has participated quite actively with programs to support the decentralization process in Mexico by enhancing the management capacity and financial situation of the SNG.
- 1.3 The Bank is currently executing the *Programa de Fortalecimiento a Estados y Municipios* (Strengthening Program for States and Municipalities) better known as FORTEM (loan 1383/OC-ME). This is a multi-phase operation divided in three phases of three years each, and loan 1383/OC-ME represents Phase I for US\$300 millions, and Phase II (ME-0256) is scheduled for approval by the Bank in early 2006. Phase III would be approved contingent upon the fulfillment of conditions agreed between the Bank and BANOBRAS for Phase II.
- 1.4 The general objective of the FORTEM is to support the decentralization process in Mexico by enhancing the management capacity and financial situation of subnational governments (SNG). The specific objectives are to: (i) introduce best practices geared towards strengthening the management of public funds by SNG; (ii) strengthen these governments' financial situation; and (iii) finance investment projects with high social return and technical assistance to expand these governments' capacity to deliver public services. To date, the sub-loans approved for the states of Guanajuato, Jalisco and the Uruapan municipality account for approximately 50% of the loan resources. The FORTEM fully complements the efforts and programs established by the Government to deepen and consolidate the decentralization process in the country. The value added of the proposed initiative is considerable because the proposed transaction will establish the basis for future transactions of this nature. The fact that the Bank is willing to lead this type of operation would send a strong message to the markets and would broaden

the possibilities for all the potential municipalities. Considering that one of the main objectives of the future Phase II (ME-0256) will be to continue enhancing and strengthening the financial situation of states and municipalities, the activities of the proposed are fully compatible with this frame of reference. The fact that the proposed TC will facilitate the access to long-term financing for small- and medium-sized municipalities will be essential to complement the objectives of the related loan.

**A. The municipal financing market sector**

- 1.5 The municipal financing market sector in Mexico has experienced several adjustments and changes mainly in relation to: (i) the available mechanisms, in view of recent reforms to existing laws and the creation of a real market for municipal bonds; (ii) the structure and means to use the existing collateral mechanisms, especially with the elimination of the Federal participations as collateral for debt payments and the establishment of trust funds; (iii) the actors involved, going from an exclusive banking market to a more diversified one; and (iv) the volume of recent operations in this area.
- 1.6 The above experiences have resulted only in opening and facilitating the access to the markets to larger and more solid states and municipalities. These benefits, however, have marginally reached small and medium-sized municipalities (SMSP) and their access to long-term financing opportunities is still quite costly and difficult. Two factors can explain this situation: (i) the financial situation and the institutional organization level of the SMSP tend to be inferior than those of larger and better organized states and municipalities (sub-national government, or SNG); and (ii) the amounts of financing required by the SMSP tend to be smaller which, in turn, increases the transaction costs, reducing the incentives to potential Mexican investors and, thus, limits and restricts the supply for available financing for this group.
- 1.7 One approach adopted by more mature markets has been to group the financing needs of several SNG and put together a *pooled financing* which can be characterized as a mechanism to: (i) reduce the transaction costs once the process has been standardized; and (ii) strengthen the credit profile of the entire group of SMSP by pooling the individual credit benefits and risks. This approach has yet to be implemented in the Mexican context due to the fact that the transaction costs related to a first operation of this nature, especially the financial and legal structuring, would be high and its amortization would only be possible in the medium term and once that this instrument has been adopted by the market. In view of the above, the Bank, in close collaboration with the *Banco Nacional de Obras y Servicios Públicos, S.N.A.* de México (BANOBRAS) wishes to test an initiative (from here on “the transaction”) to design and execute a first transaction of pooled financing for SMSP.



## II. PROGRAM DESCRIPTION

### A. Program goal and purpose

- 2.1 To design, test, and implement a pooled financing instrument that will facilitate the access to long-term financing for small- and medium-sized municipalities.

### B. Components

- 2.2 **Description:** A group of financial experts/firm will be contracted to develop the following components/activities which will result in the processing of a financial transaction, as well as placing it in the market.
- 2.3 **Component 1. Provide administrative and organizational support for the pool of municipalities** (US\$27,000) initially conformed by Benito Juárez, Cozumel, Felipe Carrillo Prieto, José María Morelos, Lázaro Cárdenas, Islas Mujeres, Othón P. Blanco and Solidaridad in the state of Quintana Roo, as well as financing the underwriting criteria for each municipality in such a way that these criteria can be applied to similar transactions in the future.
- 2.4 **Component 2. Design, processing and implementation of the transaction in such a way that is attractive to the market** (US\$115,800). The team of financial experts will be in charge of developing the transaction and will be available to provide the necessary guidance and orientation to the eight municipalities participating in this initiative. First, the team will work closely with each individual municipality to assess their individual viability and, later on, will expand its work to include all participants to present a consolidated product/transaction. It is expected that, initially, the transaction would be in the range of US\$2 to US\$4 million.
- 2.5 **Component 3. Support to the establishment of the legal framework** (US\$105,000) The project team will have a legal advisor with experience and knowledge to provide guidance to the participating municipalities in order to set up the legal framework for the transaction to be successful.
- 2.6 **Component 4. Placement of the transaction in the Mexican market** (US\$62,000). Prior to the placement of the transaction in the market, the team of experts will take the necessary steps to arrange and divulge the transaction among potential investors, whether nationals or foreigners. It is important to point out that the municipalities selected are all located in the state of Quintana Roo, better known for the resort of Cancun, one of Mexico's most important tourist destinations. All these municipalities are in the range of small- to medium- sized and it was decided to propose them for this transaction because they would be highly visible since potential investors could relate them to the more popular and wealthier sister municipality. Equally important is the fact that this group of municipalities has been inquiring for some time with both BANOBRAS and the

Bank the possibility of undertaking a transaction of this nature to raise revenue to support development efforts.

- 2.7 The group of experts contracted will initially work directly and quite closely with the governments, and specially the financial authorities, of each municipality to design and implement the transaction. Given the time frame for the execution of this initiative, they will have to travel quite often to and from these municipalities to conduct their work. In this respect, the Project Director as well as the Municipal Risk, Structured Financing and Financial Models Specialists will be doing most of the traveling and advising the lawyer to put together the transaction. It is also important to point out that the final beneficiaries of this transaction pilot will be the general population of the proposed municipalities because, as stated earlier, the revenues generated by this transaction will go to compliment the resources allocated for development activities in the municipalities. The terms of reference (TdR) for this initiative can be found in Annex I in Spanish, given the importance that the group experts will have to communicate with municipal officials in their native language.

### III. COST AND FINANCING

#### A. Summary cost table

- 3.1 The estimated cost for this operation is the equivalent of US\$480,000 of which the Japan Special Fund (JSF) would provide US\$384,000 and the local counterpart will be US\$96,000, according to the following table.

<b>Table III-1 Innovative Financing Instruments for SMSP (in US\$)</b>			
<b>Activities/Components</b>	<b>JSF</b>	<b>Local</b>	<b>Total</b>
<b>1. Underwriting criteria for municipalities</b>	<b>27,000</b>	0	<b>27,000</b>
1.1 Municipal Risk Specialist	12,000	0	12,000
1.2 Structured Financial Specialist	10,000	0	10,000
1.3 Financial Models Specialist	5,000	0	5,000
<b>2. Design/implementation of transaction</b>	<b>115,800</b>	0	<b>115,800</b>
2.1 Project Director	35,000	0	35,000
2.2 Structured Financial Specialist	30,000	0	30,000
2.3 Financial Models Specialist	20,800	0	20,800
2.4 Municipal Risk Specialist	30,000	0	30,000
<b>3. Establishment of legal framework</b>	<b>105,000</b>	0	<b>105,000</b>
3.1 Legal specialists	105,000	0	105,000
<b>4. Placing Pilot in Market</b>	<b>30,000</b>	0	<b>30,000</b>
4.1 Radio, TV, printed publicity	30,000	0	30,000
5. Overhead	<b>62,000</b>	0	<b>62,000</b>
6. Other Costs	0	40,000	<b>40,000</b>
7. Equipment	0	30,000	<b>30,000</b>
8. General support	0	26,000	<b>26,000</b>
9. Monitoring, Evaluation, Auditing	<b>25,000</b>	0	<b>25,000</b>
10. Contingencies	<b>19,200</b>	0	<b>19,200</b>
<b>TOTAL</b>	<b>384,000</b>	<b>96,000</b>	<b>480,000</b>
<b>Percentage</b>	<b>80,0</b>	<b>20,0</b>	<b>100,0</b>

**B. Description and composition of financing**

- 3.2 As indicated earlier, the JSF will be providing 80% of the funding that will allow the contracting of the team of financial experts to carry out this initiative. Local counterpart represents the remaining 20% and will complement the resources provided by the JSF, mainly in the provision of logistical support and staff to collaborate with the team of financial experts in each of the eight selected municipalities.

**C. Sustainability**

- 3.3 This initiative is considered quite sustainable given the fact that it: (i) has secured the financing from the JSF; (ii) already has the firm support, as well as financial resources committed, from the State of Quintana Roo; and (iii) has the full support from BANOBRAS to provide the necessary guidance and orientation required in administrative issue and will serve as the intermediary between the municipalities and the Bank.

**IV. EXECUTING AGENCY AND MECHANISM**

**A. Executing Agency**

- 4.1 The executing agency will be *Banco Nacional de Obras y Servicios Públicos, S.N.C.* (BANOBRAS), a development bank in Mexico that functions as a financial intermediary for projects financed by financial international organizations and which has had a long and fruitful relationship with Bank for almost forty years as executing agency for many infrastructure and technical operation projects financed by the Bank. The Government of Mexico has designated BANOBRAS as a financial intermediary and to oversee the execution of all infrastructure projects financed with resources from the Bank, IBRD and other international financial institutions. During the years, BANOBRAS has gained considerable experience and in-depth knowledge about state and municipal issues and development efforts. Most recently, the Bank and BANOBRAS have worked closely together in the execution of the Phase I of the FORTEM program (loan 1383/OC-ME) and in the processing and approval of the local currency initiative which, for the first time ever, the Bank will provide Mexican pesos for state and municipal projects in Mexico. The present proposal, as indicated earlier, would design, test, and implement a pooled financing instrument (the transaction) that will facilitate the access to long-term financing for SMSP. By implementing such transaction the Bank will be ready to meet the increasing demand for this type of operations and, most important of all, will keep the Bank as a relevant actor in supporting the decentralization process in Mexico. Most important of all, BANOBRAS will also be the executing agency for the Phase II of FORTEM (ME-0256), currently under preparation.

**B. Executing mechanism**

- 4.2 BANOBRAS will oversee the work to be performed by the financial advisory group in order to ensure that all activities are conducted within the timeframe agreed and, most important, to coincide with the preparation activities of Phase II of FORTEM (ME-0256). BANOBRAS will also be responsible for processing the payments for the work carried out by the financial advisory group, as well as present to the Bank progress reports and/or other information deemed necessary for the successful completion of the transaction. In this respect, BANOBRAS will coordinate with its field office in Quintana Roo to coordinate all activities, as well as provide support, with the eight municipalities participating in the transaction. As a condition prior to first disbursement, BANOBRAS will present evidence to the Bank of the counterpart team assigned by the municipalities to work with the financial advisory group.

**C. Program implementation readiness**

- 4.3 The initiative is ready to commence its activities as soon as the group of financial experts is selected. BANOBRAS is already in the process of identifying the counterparts in each of the eight selected municipalities.

**D. Execution period and disbursement schedule**

- 4.4 This technical operation will be executed in 6 months from the day the financial advisory group starts its work in Quintana Roo and the disbursement period has been estimated in eight months. The payment schedule will be as follows: (i) 40 % upon signing the contract; (ii) 30% upon presentation of the first draft of the proposed transaction; (iii) 15% upon presentation of the final proposal for the transaction; (iv) 15% upon placing the transaction in the market.

**E. Procurement**

- 4.5 There will be no procurement of goods in this operation. The contracting of the consultancy for the financial advisory group will follow the Bank's procedures for the procurement of services.

**V. MONITORING AND EVALUATION**

**A. Monitoring**

- 5.1 Considering the innovative nature of this proposed initiative, it will be important to conduct close monitoring during execution to ensure timely delivery of all the proposed activities and both BANOBRAS, through its Quintana Roo office, professional staff from COF/CME and the Project Team will carry out this task. A final independent evaluation will be conducted in order to assess and ascertain the achievements, as well as possible adjustments, to improve future projects of this nature. Finally, and equally important, both BANOBRAS and the Bank will disseminate the findings of the evaluation, through seminars and/or workshops

using BANOBRAS facilities throughout Mexico for other municipalities interested in this type of project

**B. Technical and basic responsibility**

- 5.2 The technical responsibility for this operation will be in the Division of Finance and Basic Infrastructure (RE2/FIN2). Mr. Carlos A. Miranda is the Project Team Leader and can be contacted at [carlosmi@iadb.org](mailto:carlosmi@iadb.org) (Phone: 202-623-1590 and fax: 202-623-1953)

**C. Progress and final reports**

- 5.3 Given the innovative nature of the proposed operation, it is recommended that the group of financial experts will present advances in the preparation of the financial transaction rather than the traditional progress reports. The final version of the transaction and its placement in the market will serve as a final report.

**D. Description of proposed evaluations**

- 5.4 One month after the transaction has been placed in the market, there will be an evaluation that will concentrate on analyzing the entire experience of working with a group of municipalities, their strengths and weaknesses, as well as the entire process of putting together the transaction. Given the fact, that this initiative in Quintana Roo is considered a pilot, special emphasis will be given to the recommendations for future operations of this nature in other states and municipalities.

## **VI. PROGRAM BENEFITS AND RISKS**

**A. Program benefits and developmental impact**

- 6.1 As indicated earlier, BANOBRAS will be responsible for the overall execution of this initiative, as well as the general coordination with each one of the eight participating municipalities. The Bank has entrusted BANOBRAS with the execution of infrastructure projects and technical assistance projects for more than 40 years. An additional level of comfort lies in the fact that BANOBRAS has offices with highly qualified staff in each of the 32 states in Mexico. As such, the BANOBRAS delegate to Quintana Roo will also be able to provide support and guidance when needed.

**B. Target Beneficiaries**

- 6.2 Given the fact that this proposed initiative will be tested in a group of eight municipalities in the state of Quintana Roo, the first group of beneficiaries will be precisely these eight municipalities and their respective populations. It is envisioned that this test will be successful enough to attract the interest of other SMSP in other states, preferably participating in the Phase II of FORTEM (ME-0256).

**C. Risks**

- 6.3 Even when this is the first time the Bank has considered this type of pioneer activity, no major issues or risks are expected for this proposal mainly because of the substantial work that BANOBRAS has done in studying and assessing the potential demand from SMSP. This demand ensures both the sustainability and ownership of this proposal. The only issue could be excessive demand for this type of service but, considering that there are two remaining phases (6 years) for the valued added the Bank would be providing Mexico through the FORTEM, the Bank is well positioned to meet this challenge, as well as any other challenge and/or initiatives, presented by Mexico related to the development support to states and municipalities. Should there be major changes in the future due to new laws and decrees, the multi-phase modality of the FORTEM program, as well as the flexibility of the program's Operations Manual, will provide enough safety and confidence for the Bank to respond in the most appropriate and timely manner within the original objectives of the FORTEM program.

**VII. ENVIRONMENTAL AND SOCIAL REVIEW**

**A. Date of CESI review**

- 7.1 Given the purely financial nature of the proposed initiative, no adverse environmental impacts are foreseen. Should the participating municipalities decide to allocate some of the money resulting from the transaction on specific investment projects (i.e. on infrastructure projects) these will have to follow the environmental requirements of the Phase I in execution (1383/OC-ME), which have already been reviewed and approved by the CESI on November 18, 2005.

**B. Measures taken to avoid negative social and environmental impacts**

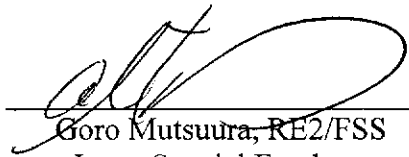
- 7.2 As indicated earlier, this initiative will not have negative social and environmental impacts.

**VIII. RECOMMENDATION**

- 8.1 Carlos Miranda (RE2/FI2), designated Team Leader of the project, recommends the approval of this operation and the use of resources from the Japanese Special Trust Fund totaling up to \$384,000 in order to finance this Technical Cooperation. The JSF provided formal approval notice for said amount on August 23, 2005.


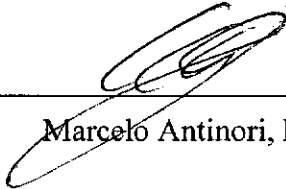
## IX. CERTIFICATION

- 9.1 The Chief of the Japanese Special Fund certifies that sufficient resources exist in the Japan Special Fund up to the equivalent of US\$384,000 available to finance the activities described and budgeted in this Plan of Operations for ME-T1008.

  
\_\_\_\_\_  
Goro Mutsuura, RE2/FSS  
Japan Special Fund

11/23/05

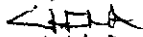
## X. APPROVAL

  
  
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Marcelo Antinori, RE2/FI2

\_\_\_\_\_  
11/28/05  
Date

  
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Helge Semb, RE2/OD3

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**MEXICO****DESARROLLO DE UN INSTRUMENTO DE MERCADO INNOVADOR  
PARA EL FINANCIAMIENTO DE MUNICIPIOS PEQUEÑOS E INTERMEDIOS****(ME-T1008)****TÉRMINOS DE REFERENCIA****I. Antecedentes**

- 1.1 El mercado de financiamiento municipal en México recientemente ha sido caracterizado por cambios rápidos, notablemente en cuanto a (i) los instrumentos disponibles (con la reforma de la ley de valores y el establecimiento de un verdadero mercado de bonos municipales); (ii) la estructura y forma de ejecutar colateral (con la eliminación de la figura del mandato y la creación de los fideicomisos maestros); (iii) los actores involucrados (pasando de ser un mercado exclusivamente bancario a un mercado más diversificado); y (iv) el volumen de las operaciones realizadas.
- 1.2 Si bien estos cambios han tenido como consecuencia principal profundizar el mercado y facilitar el acceso de los estados y municipios más grandes y sólidos al mercado, los beneficios de estos cambios han alcanzado solamente marginalmente a los municipios intermedios y pequeños (“los MIP”). El acceso de estos municipios a financiamiento de largo plazo sigue siendo costoso y difícil. Dos factores explican esta limitación: por un lado, la situación financiera y el nivel de organización institucional de los MIP tienden a ser inferiores al de las entidades subnacionales de mayor tamaño - lo cual restringe la demanda solvente por parte de esta clase de actores; y por otro lado, los financiamientos que necesitan los MIP tienden a ser de menor monto - lo cual aumenta el peso relativo de los costos de transacción, desincentiva a los inversionistas mexicanos, y por ende, restringe la oferta de financiamiento disponible para esta clase de actores.
- 1.3 Una de las soluciones que se han implementado en mercados más maduros consiste en agrupar las necesidades de financiamiento de varias entidades y proceder a levantar financiamiento al nivel de un conjunto (o *pool*) de MIP. Esta técnica, conocida como “*pooled financing*” o financiamiento agrupado, tiene dos ventajas: (i) permite reducir los costos de transacción – por lo menos una vez que el proceso se haya estandarizado; y (ii) permite fortalecer el perfil crediticio de la estructura conjunta al mutualizar los riesgos de crédito individuales.
- 1.4 Este tipo de solución todavía no se ha implementado en el mercado mexicano. Una de las razones de esta deficiencia es que los costos de transacción asociados a la primera operación de este tipo, en cuanto a estructuración financiera y legal, son altos y no se alcanzan a amortizar en una sola transacción, sino en el mediano plazo una vez que este instrumento haya despegado en el mercado.



## **II. Objetivos de la Consultoría**

- 2.1 El objetivo general es definir y estructurar un instrumento que facilite el acceso a financiamiento de largo plazo de los MIP en forma agrupada (*pooled*) y probarlo mediante la ejecución de una transacción piloto. La Asesoría se concentrará en el desarrollo de esta transacción piloto (“el Piloto”). Para armar el Piloto, se buscará: (a) definir: (i) criterios de selección de municipios candidatos para integrar el pool y; (ii) criterios de *underwriting* de los financiamientos a nivel de cada municipio, de manera tal que estos criterios se puedan aplicar a otras transacciones similares en el futuro; (b) estructurar la transacción de manera tal que sea atractiva para el mercado; (c) establecer el marco de documentación legal para el Piloto; y (d) colocar el Piloto en el mercado mexicano. Estos TdR tienen por objeto establecer el alcance de los trabajos.

## **III. Actividades a realizar**

- 3.1 A continuación se presenta un detalle de las tareas y actividades que se deberán realizar como parte de la Consultoría.

### **1. Determinación de criterios de participación en el *pool***

- 3.2 Se establecerán criterios de selección de los MIP que integrarán el *pool*, los cuales se basarán en: (i) la demanda, tratando de concentrarse en segmentos del mercado municipal donde la demanda de financiamiento a largo plazo es fuerte y mal atendida por el mercado; y (ii) la oferta, poniendo énfasis en los requerimientos del mercado en transacciones estructuradas de *pooling* de crédito.
- 3.3 Se incluirá un análisis preliminar de la factibilidad legal del concepto de pooling de créditos municipales. Se analizarán, entre otros aspectos, los temas de la estructura fiduciaria requerida para mantener el colateral para el beneficio de los inversionistas, los derechos de los inversionistas en caso de incumplimiento, el proceso de ejecución de colateral, así como los potenciales conflictos que puedan existir entre las leyes de diferentes estados respecto a dichos temas. El resultado de esta actividad será la selección de un grupo de 5 a 10 municipios que serán los primeros candidatos para la integración del *pool*.

### **2. Elaboración de metodología de análisis de crédito y de criterios de *underwriting* para préstamos individuales**

- 3.4 Se establecerá una metodología indicativa de análisis sistemático de crédito para determinar la capacidad del primer grupo de municipios integrantes del *pool*, incluyendo: (i) un análisis del riesgo de crédito municipal; y (ii) un análisis del proyecto que se desea financiar utilizando esta estructura de financiamiento.
- 3.5 El resultado de esta actividad será, para cada municipio del conjunto específico: (i) la confirmación de su capacidad para participar en el pool; (ii) la determinación del monto y plazo del financiamiento al cual puede pretender; (iii) el análisis del o de los proyectos específicos que se propone financiar; y (iv) la determinación de los colaterales más apropiados para respaldar el financiamiento.

### **3. Estructuración de flujos y estructura de colateral**

- 3.6 Con base en los parámetros básicos de los financiamientos individuales fijados para los municipios seleccionados, se llevará a cabo la estructuración financiera de la transacción, la cual incluirá:
- (i) Del lado de los pasivos de la estructura: (i) el análisis y selección de los mecanismos de optimización de la calificación de crédito apropiados; y (ii) la determinación de los diferentes tramos (tramo privilegiado, tramo subordinado, tramo X) a ser emitidos, así como sus respectivos plazos, precios y montos;
  - (ii) Del lado de los activos, la determinación de la estructura de colateral a nivel de cada financiamiento individual y a nivel de la estructura, así como las condiciones de colateralización cruzada;
  - (iii) La modelación financiera de la estructura, con un modelo de tipo ALM (activos/pasivos) que represente el comportamiento de la estructura bajo un escenario base a definir y permita analizar la variación de este comportamiento (notablemente en cuanto a probabilidad de *default*) según la evolución de variables exógenas por definir;
  - (iv) El análisis y selección de los mecanismos de mejoramiento crediticio apropiados, tanto endógenos como exógenos a la estructura.
- 3.7 El resultado de esta actividad es un *term sheet* preliminar de la estructura, destacando sus principales características.

### **4. Análisis de opciones de instrumentos de *pooling* y selección de la mejor opción**

- 3.8 Se analizarán las opciones disponibles para llevar la estructura de pooling al mercado, incluyendo: (i) crédito bancario sindicado; (ii) emisión de bonos; y (iii) bonos parcialmente o completamente mejorado (mediante carta de crédito, seguro de bono u otro mecanismo). Para tal fin, se establecerá un diálogo con: (i) los actores de mercado, y (ii) las agencias de clasificación crediticia. También se llevará a cabo un análisis legal de las opciones más prometedoras para confirmar su factibilidad legal, notablemente con respecto a los temas destacados.
- 3.9 Este *market read* servirá para determinar, para cada una de las opciones propuestas: (i) el *spread* de los diversos tramos; (ii) el costo del o de la estructura para mejorar la calificación de crédito; (iii) la estructura y el nivel de los *fees*; (iv) la estructura y el nivel de los costos de transacción; y (v) el *all-in cost*.
- 3.10 Se recomendará la opción mas apropiada tomando en cuenta: (i) el costo; y (ii) consideraciones no-financieras (o no completamente cuantificables) como el calendario de implementación, el nivel de incertidumbre/complejidad de los aspectos legales, y la volatilidad del precio que se puede esperar al momento de la colocación.

## **5. Documentación**

- 3.11 Con base en la opción escogida, se desarrollará la documentación financiera (Memorando de Información) y legal (varios contratos) necesaria para la transacción.

## **6. Colocación**

- 3.12 Se procederá a la colocación de la transacción, incluyendo la organización de un taller de diseminación y difusión para mercadear la transacción frente a inversionistas potenciales, la identificación de las fuentes con más potencial, la negociación de los términos finales del financiamiento, y si fuese necesario (por razones reglamentarias u otras) la contratación de un agente colocador.

## **7. Actividades y costos que no forman parte de la Consultoría y serán financiados por otras fuentes**

- 3.13 De ser necesaria la obtención de un *rating* para llevar la estructura al mercado, se coordinará este proceso (incluyendo al reclutamiento de la agencia de calificación) pero los costos asociados serán pagados directamente por los emisores (es decir los municipios que integran el *pool*, según modalidades a ser definidas en su momento). Esta salvedad vale para todos los costos específicos de una emisión de valores, si fuese la ruta escogida, incluyendo sin limitación los costos de registro con la BMV y la CNBV, los costos del agente de colocación, y los costos logísticos de colocación.
- 3.14 De manera similar, de ser necesaria la contratación de asesores técnicos para revisar aspectos específicos de los proyectos por financiar, los costos asociados serán pagados directamente por los municipios que integran el *pool*, según modalidades a ser definidas en su momento. Esto no aplica para los asesores legales, quienes formarán parte integral del equipo proveedor de la Consultoría.

## **IV. Productos Específicos Esperados**

- 4.1 La Consultoría entregará los siguientes productos: (i) un informe de estructuración donde se incluirá la presentación del proceso de selección de los municipios candidatos y descripción de los criterios aplicados; la metodología para el *due diligence* y *underwriting* de créditos individuales; el *term sheet* de la estructura propuesta y resultados del modelo financiero; y un análisis de opciones y justificación de la opción escogida; y (ii) los documentos legales de transacción.

## **V. Proceso de Selección**

- 5.1 Oferta. Los oferentes presentarán, en un documento de no más de 10 páginas, los elementos siguientes: (i) experiencia de los oferentes en cuanto a estructuración de financiamientos municipales agrupados (*pooled financing*); y estructuración de financiamientos municipales en México; (ii) la metodología a utilizar en la prestación de los servicios antes descritos; (iii) el cronograma propuesto; y (iv) la composición del equipo que será asignado para alcanzar los objetivos propuestos así como las calificaciones del personal que lo integra (CV detallado y

- experiencia específica de cada experto en mandatos de asesor financiero para proyectos similares). Los CV's de los expertos del equipo y la lista de referencia de la empresa oferente se podrán anexar a la oferta y no contarán dentro del límite de 10 páginas.
- 5.2 Criterios de selección. El análisis de las propuestas tendrá en cuenta los siguientes aspectos: (i) experiencia de los oferentes; (ii) experiencia y calidad del equipo propuesto; y (iii) comprensión de los trabajos solicitados, y calidad y claridad de la metodología indicada en la propuesta.
- 5.3 Oferentes deberán ser consultores o asesores financieros especializados en instituciones financieras con experiencia en financiamientos municipales. Entre la experiencia se prestará especial atención a los siguientes temas:
- a. Experiencia detallada en el tema de la estructuración de financiamientos de largo plazo basados en el *pooling* de préstamos municipales.
  - b. Experiencia en estructuración y colocación de financiamientos municipales estructurados tanto en México como en mercados más maduros (Europa, EE.UU. y/o Japón).
  - c. Experiencia con un amplio abanico de instrumentos, incluyendo préstamos, bonos, e instrumentos de mejoramientos crediticios.
- 5.4 El equipo propuesto deberá tener: (i) un buen conocimiento del marco legal y reglamentario de las finanzas municipales en México; (ii) experiencia específica en transacciones de *pooling* de crédito; (iii) la capacidad de conducir trabajos y reportes en los idiomas ingles y español; y (iv) un asesor legal con experiencia específica en la estructuración de financiamientos respaldados por activos (*asset-backed financing*) u otro tipo de financiamiento estructurado en México.

## **VI. Costo y Modalidad de Pago**

- 6.1 El presupuesto total disponible para esta consultoría es de US\$480.000, de los cuales US\$384.000 será proporcionado por el Fondo Japonés y el remanente US\$96.000 provendrá de la contrapartida local. El calendario de pagos será el siguiente: (i) 40% a la firma del contrato; (ii) 30% a la entrega del informe de estructuración o propuesta de transacción; (iii) 15% a la entrega y aceptación de la documentación legal para la transacción; y (iv) 15% al colocar la transacción en el mercado.