

PMR Operational Report

Operation Number	ME-L1301	Chief of Operations Validation Date	10/23/20
Year- PMR Cycle	First period Jan-Jun 2020	Division Chief Validation Date	
Last Update	10/19/20	Country Representative Validation Date	
PMR Validation Stage	Validated by Chief of Operations		

Basic Data

Operation Profile

Operation Name	Global Credit Program for Safeguarding the Productive Fabric and Employment in the Agroindustrial Sector	Loan Number	5063/OC-ME
Executing Agency	Fideicomisos Instituidos en Relación con la Agricultura	Sector/Subsector	FINANCIAL MARKETS-FINANCIAL INCLUSION
Team Leader	RIQUELME ARRIOLA, LETICIA	Overall Stage	Negotiation
Operation Type	Loan Operation	Country	Mexico
Lending Instrument	Investment Loan	Convergence related Operation(s)	
Borrower	NACIONAL FINANCIERA S.N.C. GERENCIA OPERACION ORGANISMOS MULTILAT.		

Environmental and Social Safeguards

Impacts Category	B13	Was/Were the objective(s) of this operation reformulated?	NO
Safeguard Performance Rating		Date of approval	
Safeguard Performance Rating - Rationale			

Financial Data

Item	Total Cost and Source					Available Funds (US\$)			
	Original IDB	Current IDB	Local Counterpart	Co-Financing / Country	Total Original Cost	Current IDB	Disb. Amount to Date	% Disb	Undisbursed Amount
ME-L1301	100,000,000	100,000,000	0	0	100,000,000	100,000,000	0	0.00%	100,000,000
Aggregated	100,000,000	100,000,000	0	0	100,000,000	100,000,000	0	0.00%	100,000,000

Expense Categories by Loan Contract (cumulative values)

Please note that inactive indicators and outputs are not displayed; totals in the actual cost table may not match the sum of the cost of the outputs displayed, due to the cost of inactive outputs.

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IMPACTS

Impact Nbr. 1: Support the sustainability of MSMEs amid the COVID-19 crisis

Observation:

Indicator		Unit of Measure	Baseline	Baseline Year		2022	EOP 0
1.0	Percentage of employment generated by agroindustrial activity as a share of the country's total employment	%	20.00	2020	P	20.00	20.00
					P(a)	20.00	20.00
					A		
Details							
Means of verification: National Institute of Statistics and Geography (INEGI) information, considering the food and beverage and tobacco subsectors							
Observations: The program should help maintain the sector's share of the total economically active population. A value similar to the precrisis level should be established as a target.							
Pro-Gender		No		Pro-Ethnicity		No	

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OUTCOMES

Outcome Nbr. 1: Support to improve the short-term financial capacity of MSMEs in the agroindustrial sector.

Observation:

Indicator		Unit of Measure	Baseline	Baseline Year		EOP 0
1.0	Rate of arrears of the Special Fund for Agricultural Financing (FEFA) portfolio of working capital credit to agroindustrial sector MSMEs at six months after program start, compared with the rate of FIRA's total portfolio.	%	65.00	2020	P	171.00
					P(a)	171.00
					A	

Details

Means of verification: Program monitoring and supervision information collected by the executing agency

Observations: Definition: Rate of arrears = overdue portfolio/total portfolio. The indicator will be calculated as: FEFA rate of arrears/FIRA rate of arrears (total rate). The rate of arrears for this portfolio will take into account the full underlying portfolio of FIRA-supported financial intermediaries that fulfills the criteria set forth in the program Operating Regulations (agroindustrial sector MSME working capital financing), and not just the part issued with IDB funds. This measurement will be taken several times throughout the execution period. This indicator and its target are for the first measurement, which will be performed six months from the outset of the crisis (September 2020). The rate of arrears of FEFA's portfolio of working capital credit to agroindustrial sector MSMEs is expected to triple over that six-month period, and then drop gradually until it ultimately reaches the precrisis value (baseline from March 2020). Over the six months, the decline should be worse for the target

Pro-Gender

No

Pro-Ethnicity

No

Indicator		Unit of Measure	Baseline	Baseline Year		EOP 0
1.2	Rate of arrears of FEFA's portfolio of agroindustrial sector MSMEs with restructured debt at six months after program start, compared with the rate of FIRA's total portfolio.	%	31.00	2020	P	87.00
					P(a)	87.00
					A	

Details

Means of verification: Program monitoring and supervision information collected by the executing agency

Observations: Definition: Rate of arrears = overdue portfolio/total portfolio. The indicator will be calculated as: FEFA rate of arrears/FIRA rate of arrears (total rate). The rate of arrears for the restructured debt portfolio will take into account the full underlying portfolio of FIRA-supported financial intermediaries that fulfills the criteria set forth in the program Operating Regulations (agroindustrial sector MSME financing), and not just the part issued with IDB funds. This measurement will be taken several times throughout the execution period. This indicator and its target are for the first measurement, which will be performed six months from the outset of the crisis (September 2020). The rate of arrears of FEFA's portfolio of agroindustrial sector MSMEs with restructured debt is expected to triple over that six-month period, and then drop gradually until it ultimately reaches the precrisis value (baseline from March 2020). The target portfolio should see greater deterioration because, of

Pro-Gender

No

Pro-Ethnicity

No

Indicator		Unit of Measure	Baseline	Baseline Year		EOP 0
1.3	Rate of arrears of FEFA's portfolio of working capital credit to agroindustrial sector MSMEs at 12 months after program start, compared with the rate of FIRA's total portfolio.	%	65.00	2020	P	139.00
					P(a)	139.00
					A	

Details

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OUTCOMES

Means of verification: Program monitoring and supervision information collected by the executing agency

Observations: Definition: Rate of arrears = overdue portfolio/total portfolio. The indicator will be calculated as: FEFA rate of arrears/FIRA rate of arrears (total rate). The rate of arrears for this portfolio will take into account the full underlying FIRA-supported portfolio that fulfills the established criteria (agroindustrial sector MSME working capital financing), and not just the part issued with IDB funds. This measurement will be taken several times throughout the execution period. This indicator and its target are for the second measurement, which will be performed 12 months from the outset of the crisis (March 2021). The rate of arrears of FEFA's portfolio of working capital credit to agroindustrial sector MSMEs is expected to triple over that six-month period, and then drop gradually until it ultimately reaches the precrisis value (baseline from March 2020). Twelve months from the outset of the program, it should reach 139%, on its way down from a six-month peak. The target portfolio should

Pro-Gender No **Pro-Ethnicity** No

Indicator		Unit of Measure	Baseline	Baseline Year		EOP 0
1.4	Rate of arrears of FEFA's portfolio of agroindustrial sector MSMEs with restructured debt at 12 months after program start, compared with the rate of FIRA's total portfolio.	%	31.00	2020	P	63.00
					P(a)	63.00
					A	

Details

Means of verification: Program monitoring and supervision information collected by the executing agency

Observations: Definition: Rate of arrears = overdue portfolio/total portfolio. The indicator will be calculated as: FEFA rate of arrears/FIRA rate of arrears (total rate). The rate of arrears for the restructured debt portfolio will take into account the full underlying FIRA-supported portfolio that fulfills the established criteria (agroindustrial sector MSME financing), and not just the part issued with IDB funds. This measurement will be taken several times throughout the execution period. This indicator and its target are for the second measurement, which will be performed 12 months from the outset of the crisis (March 2021). The rate of arrears of FEFA's portfolio of agroindustrial sector MSMEs with restructured debt is expected to triple over that six-month period, and then drop gradually until it ultimately reaches the precrisis value (baseline from March 2020). Twelve months from the outset of the program, it should have fallen to 63%. The target portfolio is expected to see greater deterioration

Pro-Gender No **Pro-Ethnicity** No

Indicator		Unit of Measure	Baseline	Baseline Year		EOP 0
1.5	Balance of the agroindustry MSME working capital portfolio.	US\$ Million	64.60	2020	P	124.00
					P(a)	124.00
					A	

Details

Means of verification: Program monitoring and supervision information collected by the executing agency

Observations: For the baseline, the balance of the program's target portfolio (FEFA's agroindustry MSME loan portfolio) as of March 2020 was used. This does not take into account the balance of guarantees without financing or the balance of guarantee payments. The portfolio balance is equal to the previous month's starting balance, plus credit issued over the month, minus scheduled or prepayment recoveries. The final target reflects the projected end-of-program balance, taking into account that some credit will be short term (90 days) and require time to be reissued, which takes an average of 120 days. IDB financing will prevent a decline in this portfolio. FIRA predicts that the portfolio would have fallen to US\$30 million in the program's absence due to liquidity restrictions in the domestic capital market owing to the current crisis. Based on its projections, FEFA will see a demand for its capital from various vulnerable sectors in need of liquidity that do not fall within the program's target set

Pro-Gender No **Pro-Ethnicity** No

RESULTS MATRIX

OUTPUTS: ANNUAL PHYSICAL AND FINANCIAL PROGRESS

Component Nbr. 1 Support to improve the short-term financial capacity of MSMEs in the agroindustrial sector.

				PHYSICAL PROGRESS	FINANCIAL PROGRESS
	Output	Unit of Measure		EOP 0	EOP 0
1.1	Support to improve the short-term financial capacity of MSMEs in the agroindustrial sector.	US\$ Million	P	94	94,000,000
			P(a)	0	94,000,000
			A	0	0
1.2	Amount of financing issued for MSME debt restructuring in the agroindustrial sector	US\$ Million	P	6	6,000,000
			P(a)	0	6,000,000
			A	0	0

Total Cost

	Total Cost	P		100,000,000
		P(a)		100,000,000
		A		0

CHANGES TO THE MATRIX

No information available for this section

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IMPLEMENTATION STATUS AND LEARNING

Lesson Learned - Categories