

# PMR Public Report

Operation Number	ME-L1300	Chief of Operations Validation Date	04/18/22						
Year- PMR Cycle	Second period Jan-Dec 2021	Division Chief Validation Date	04/19/22						
Last Update	03/18/22	Country Representative Validation Date	05/09/22						
PMR Validation Stage	Validated by Representative								
Basic Data									
Operation Profile									
Operation Name	Global Credit Program to Support Economic Recovery in Mexico	Loan Number	5455/OC-ME, 5456/TC-ME						
Executing Agency	BANCO NACIONAL DE COMERCIO EXTERIOR, SNC	Sector/Subsector	FINANCIAL MARKETS-FINANCING FOR ENVIRONMENTAL SUSTAINABILITY						
Team Leader	DE OLLOQUI, FERNANDO	Overall Stage	Approved/Pending Signature						
Operation Type	Loan Operation	Country	Mexico						
Lending Instrument	Investment Loan	Convergence related Operation(s)							
Borrower	BANCO NACIONAL DE COMERCIO EXTERIOR, SNC								
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									
	Total Cost and Source					Available Funds (US\$)			
Operations	Original IDB	Current IDB	Local Counterpart	Co-Financing / Country	Total Original Cost	Current IDB	Disb. Amount to Date	% Disbursed	Undisbursed Amount
ME-L1300	319,000,000	319,000,000	0	0	319,000,000	319,000,000	-	0.00%	319,000,000
Aggregated	319,000,000	319,000,000	0	0	319,000,000	319,000,000	-	0.00%	319,000,000
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.

RESULTS MATRIX

General Development Objectives

General Development Objectives Nbr. 2: Support the sustainable recovery of Mexico's economy and jobs during the COVID-19 pandemic crisis

**Observation:** The provision of credit will allow SME to realize the necessary investments in order to recover from the COVID-19 crisis. This is expected to lead to a recovery in sales (and, proportionally, in the number of employees) in the medium to long run. The baseline is derived from the expected decrease of Mexican GDP for 2020, estimated by the IMF and the year-to-year fall in the industrial and services economic activity indicator in May 2020. Given the nature of the initial shock, it is expected that this objective will not be possible to observe during the lifetime of the program

Indicator		Unit of Measure	Baseline	Baseline Year	Expected Year of Achievement	EOP 0	
2.0	Indicator 1: Average annual percentage change of revenue of SME benefited by the program	%	-16	2021	2027	P	2
						A	-

Details

**Means of Verification:** The provision of credit will allow SME to realize the necessary investments in order to recover from the COVID-19 crisis. This is expected to lead to a recovery in sales (and, proportionally, in the number of employees) in the medium to long run. The baseline is derived from the expected decrease of Mexican GDP for 2020, estimated by the IMF and the year-to-year fall in the industrial and services economic activity indicator in May 2020. Given the nature of the initial shock, it is expected that this objective will not be possible to observe during the lifetime of the program

Observations:

The General Development Objective indicator target is expected to be observed by the operation's "Fully Justified" date in Convergence (CO): No

Pro-Gender	No	Pro-Ethnicity	No	CRF indicator	

RESULTS MATRIX

Specific Development Objectives

**Specific Development Objectives Nbr. 1:** Support the inclusive economic recovery of SMEs in the manufacturing and tourism sectors through financing for productive investment, including investment for energy efficiency

Observation:

Indicator		Unit of Measure	Baseline	Baseline Year	EOP 0	
1.0	Total portfolio value of BANCOMEXT’s loans to SME in the manufacturing and tourism sectors	US\$ million	1667	2021	P	1,986
					A	-

Details

**Means of Verification:** BANCOMEXT monitoring reports

**Observations:** This indicator measures the total portfolio value of BANCOMEXT’s loans to SME in the manufacturing and tourism sectors, including the ones financed by the program as well as others financed with other resources. It is projected that in a scenario with program, BANCOMEXT’s portfolio for industrial manufacturing and services will grow from the baseline value in an amount at least equal to the program resources. A decrease in capital availability and competing needs for short-term financing due to the COVID-19 crisis was observed during the period of the baseline data (June 2020). Hence, expectations of growth are reasonable. While there is available data after June 2020, this is considered an appropriate cohort due to the fact that refinancing programs and flexibilization initiated in the third trimester of that year as a response to the crisis and thus later data could be distorted. Baseline corresponds to the cartera de crédito vigente, entidades financieras, from BANCOMEXT’s Balance G

**Evaluation Methodology:** -

Pro-Gender	No	Pro-Ethnicity	No	CRF indicator	
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Indicator		Unit of Measure	Baseline	Baseline Year	EOP 0	
1.3	Average tenor of BANCOMEXT’s loans to SME in the manufacturing and tourism sectors	Months	36	2021	P	36
					A	-

Details

**Means of Verification:** BANCOMEXT monitoring reports

**Observations:** In the absence of BANCOMEXT and IDB support, the average loan tenor for SME is expected to decrease as a result of the negative effects of the COVID 19 crisis in long term credit supply, particularly due to the increase in competing needs for short-term financing. The program will contribute to maintain the average loan tenor for SME in the target sectors

**Evaluation Methodology:** -

Pro-Gender	No	Pro-Ethnicity	No	CRF indicator	
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Indicator		Unit of Measure	Baseline	Baseline Year	EOP 0	
1.4	NPL ratio of BANCOMEXT’s loans to SME in the manufacturing and tourism sectors divided by NPL ratio of BANCOMEXT’s total portfolio of loans to SME	number	0.33	2021	P	.33
					A	-

Details

**Means of Verification:** BANCOMEXT monitoring reports

**Observations:** This indicator measures the NPL of the program’s relevant portfolio compared to the NPL of SME loans in BANCOMEXT total portfolio. The indicator is measured against a benchmark, since it is unfeasible to accurately predict the absolute value of the NPL rate. It is expected that the relevant portfolio NPL rate will not deviate significantly from the total average rate of BANCOMEXT portfolio, hence the target value is the same as the baseline. The baseline is calculated by dividing the NPL rate for the BANCOMEXT relevant portfolio (0.42%) by the NPL of the total BANCOMEXT portfolio (1.27%). These values were obtained from the cartera de crédito vigente and cartera de crédito vencida from BANCOMEXT’s Balance General Consolidado, which reflects overall portfolio of second-tier operations for target SME. Any level below 0.33 would represent an overachievement of the indicator

**Evaluation Methodology:** -

Pro-Gender	No	Pro-Ethnicity	No	CRF indicator	
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Indicator		Unit of Measure	Baseline	Baseline Year	EOP 0	
1.5	Amount of additional resources mobilized by the program to finance supported investments	US\$ million	0	2021	P	79.75
					A	-

Details

**Means of Verification:** BANCOMEXT monitoring reports

**Observations:** Based on previous experience, it is expected that the program will mobilize additional resources to finance in average 20% of the total investment value of the supported projects. The target is then calculated by dividing the total program value (US\$319 million) by 0.8 to obtain total investment, and then subtracting the total program value

Evaluation Methodology: -

Pro-Gender	No	Pro-Ethnicity	No	CRF indicator				
Indicator					Unit of Measure	Baseline	Baseline Year	EOP 0
1.6	Averted GHG emissions achieved by energy efficiency investments financed by the program			Thousands of tCO2e	0	2021	P	30.2
							A	-

Details

Means of Verification: BANCOMEXT monitoring reports and calculations by the IDB

**Observations:** Energy efficiency investments constitute a subset of the program’s portfolio, which includes financing with CTF resources. The indicator will be verified based on the number of MW that are installed with the US\$92 million allocation of program resources, and then corresponding clean electricity generation (in MWh) produced by these MW. In order to obtain the amount of GHG emissions averted, the methodology used corresponds to the international standard based in applying a standard emission factor (0.45 tCO2e/MWh for Mexico) that measures the amount of CO2 equivalent per unit of electricity produced by the national power system as a whole. The target value is cumulative but includes only the first two cohorts of beneficiaries (projects financed in Year I and II), so that an adequate timeframe exists for the results to materialize. As a reference, the value of GHG emissions averted for the entire program portfolio is estimated in 60.4 thousand of tCO2e. See Analysis of Project Cost and E

Evaluation Methodology: -

Pro-Gender	No	Pro-Ethnicity	No	CRF indicator					
Indicator					Unit of Measure	Baseline	Baseline Year	EOP 0	
1.7	Share of SME owned or led by women within the relevant portfolio				%	0	2021	P	10
								A	-

Details

Means of Verification: BANCOMEXT monitoring reports

**Observations:** (Baseline + 10%) A firm will be considered owned or led by women when it involves either ownership or leadership aspects, such as: women ownership equal or higher than 51%; at least 20% owned by women in addition to having women in Chief Executive Officer, Chief Operations Officer or Risk Manager positions, and at least 30% of the board composed by women (when a board exists). No information on SME owned or led by women currently exists at BANCOMEXT. The baseline and target values will be defined as part of the support activities from the Regional TC ATN/OC 18036-RG (collection, monitoring and analysis of sex disaggregated data), currently under implementation. The target is defined as a 10% growth over the baseline

Evaluation Methodology: -

Pro-Gender	Yes	Pro-Ethnicity	No	CRF indicator			

RESULTS MATRIX

OUTPUTS: ANNUAL PHYSICAL AND FINANCIAL PROGRESS

Component Nbr. 1 Component 1. Long-term repayment credit lines

				PHYSICAL PROGRESS		FINANCIAL PROGRESS	
	Output	Unit of Measure		2021	EOP 0	2021	EOP 0
1.01	Program funds provided for productive investments of SME in the target sectors	US\$M	P	-	164,000,000	-	164,000,000
			P (a)	-	-	-	-
			A	-	-	-	-
1.02	Program funds provided for energy efficiency investments of SME in the target sectors	US\$M	P	-	184,000,000	-	92,000,000
			P (a)	-	-	-	-
			A	-	-	-	-
1.03	Product 3: Program funds provided for productive investments of SME in the target sectors owned or led by women	US\$M	P	-	126,000,000	-	63,000,000
			P (a)	-	-	-	-
			A	-	-	-	-
Total Cost							
	Total Cost		P	0	319,000,000		
			P (a)	0	0		
			A	0	0		

No information available for this section



IMPLEMENTATION STATUS AND LEARNING

Lesson Learned - Categories