Savings and Credit Sector Consolidation and Financial Inclusion Project (P123367)

LATIN AMERICA AND CARIBBEAN | Mexico | Finance & Markets Global Practice | IBRD/IDA | Specific Investment Loan | FY 2012 | Seq No: 10 | ARCHIVED on 24-Apr-2017 | ISR27372 |

Implementing Agencies:

Key Dates

**Key Project Dates**

- Bank Approval Date: 01-Dec-2011
- Effectiveness Date: 02-Apr-2012
- Planned Mid Term Review Date: 01-Oct-2013
- Actual Mid-Term Review Date: 18-Nov-2013
- Original Closing Date: 31-Jul-2015
- Revised Closing Date: 21-Jul-2017

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The objective of the project is to support the: (a) consolidation of the savings and credit sector institutions (SCI); and (b) deepening of financial inclusion in selected areas and selected locations in Mexico.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components

- **Consolidation and Strengthening of savings and credit institutions (SCIs):** (Cost $25.75 M)
- **Broadening Access to financial services and products:** (Cost $140.05 M)
- **Strengthening BANSEFI capacity:** (Cost $26.07 M)
- **Project Management:** (Cost $17.50 M)

Overall Ratings

<table>
<thead>
<tr>
<th>Name</th>
<th>Previous Rating</th>
<th>Current Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Progress towards achievement of PDO</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Overall Implementation Progress (IP)</td>
<td>Moderately Satisfactory</td>
<td>Moderately Satisfactory</td>
</tr>
<tr>
<td>Overall Risk Rating</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
</tbody>
</table>
Implementation Status and Key Decisions

This ISR reflects the findings of a visit conducted to Mexico City from February 14 –February 17, 2017. The project continues to make satisfactory progress towards Project Development Objectives (PDO), with principal PDO indicators either near or surpassing project targets. Key results include:

- The Regional Rural Microfinance Technical Assistance Program (PATMIR) has surpassed its target with 1.03 million members having joined the formal financial sector through partner Savings and Credit Institutions, and is now winding down. Of these clients, 59% are women and 29% are from indigenous regions.
- To strengthen the popular finance sector in 2016, 249 TA requests were provided. CNBV authorized another 7 savings and credit associations (SOCAPs), thereby bringing the total to 198 authorized entities (98% of project target). The financial soundness indicators of the sector have improved, with non-performing loans having dropped from 8.75% (Dec. 2011) to 5.84% (Dec. 2016).
- Following a slow start, substantial progress is being made on banking agents (corresponsales) to increase financial services, supported by the rapid roll-out of the BANSEFI-Yastás agreement. The agreement with Yastás only began in August 2016, but by year-end 2016, 2,195 corresponsales were operating with BANSEFI. Some results indicators were adjusted in the December 2016 restructuring that also extended the closing date of this project from December 31, 2016 to July 21, 2017.

Risks

Systematic Operations Risk-rating Tool

<table>
<thead>
<tr>
<th>Risk Category</th>
<th>Rating at Approval</th>
<th>Previous Rating</th>
<th>Current Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political and Governance</td>
<td>--</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
<tr>
<td>Macroeconomic</td>
<td>--</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
<tr>
<td>Sector Strategies and Policies</td>
<td>--</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
<tr>
<td>Technical Design of Project or Program</td>
<td>--</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Institutional Capacity for Implementation and Sustainability</td>
<td>--</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Fiduciary</td>
<td>--</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Environment and Social</td>
<td>--</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>--</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
<tr>
<td>Other</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Overall</td>
<td>--</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
</tbody>
</table>

Results

Project Development Objective Indicators

- Number of entities certified by CNBV, the regulator (Number, Custom)

<table>
<thead>
<tr>
<th></th>
<th>Baseline</th>
<th>Actual (Previous)</th>
<th>Actual (Current)</th>
<th>End Target</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Baseline</th>
<th>Actual (Previous)</th>
<th>Actual (Current)</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of entities merged or liquidated (Number, Custom)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value</td>
<td>15.00</td>
<td>36.00</td>
<td>38.00</td>
<td>40.00</td>
</tr>
<tr>
<td>Date</td>
<td>30-Oct-2011</td>
<td>30-Sep-2016</td>
<td>31-Dec-2016</td>
<td>21-Jul-2017</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>*<em>Number of reporting certified institutions with a capital adequacy ratio 150% of minimum requirement or above <em>/ (Text, Custom)</em></em></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value</td>
<td>79/92</td>
<td>163.00</td>
<td>173.00</td>
<td>170.00</td>
</tr>
<tr>
<td>Date</td>
<td>30-Oct-2011</td>
<td>30-Sep-2016</td>
<td>30-Sep-2016</td>
<td>21-Jul-2017</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Average of non-performing loans for certified institutions (Percentage, Custom)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value</td>
<td>8.75</td>
<td>6.01</td>
<td>5.84</td>
<td>7.25</td>
</tr>
<tr>
<td>Date</td>
<td>30-Oct-2011</td>
<td>30-Sep-2016</td>
<td>31-Dec-2016</td>
<td>21-Jul-2017</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Clients mainstreamed into formal financial sector (number in millions) (Number, Custom)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Baseline, Actual (Previous), Actual (Current), End Target

<table>
<thead>
<tr>
<th></th>
<th>Baseline</th>
<th>Actual (Previous)</th>
<th>Actual (Current)</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value</strong></td>
<td>6.12</td>
<td>9.30</td>
<td>9.35</td>
<td>8.00</td>
</tr>
<tr>
<td><strong>Date</strong></td>
<td>30-Oct-2011</td>
<td>30-Sep-2016</td>
<td>31-Dec-2016</td>
<td>21-Jul-2017</td>
</tr>
</tbody>
</table>

#### Number of service points providing financial services (Number, Custom)

<table>
<thead>
<tr>
<th></th>
<th>Baseline</th>
<th>Actual (Previous)</th>
<th>Actual (Current)</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value</strong></td>
<td>1,827.00</td>
<td>3,329.00</td>
<td>5,228.00</td>
<td>5,400.00</td>
</tr>
<tr>
<td><strong>Date</strong></td>
<td>30-Oct-2011</td>
<td>30-Sep-2016</td>
<td>31-Dec-2016</td>
<td>21-Jul-2017</td>
</tr>
</tbody>
</table>

#### Number of members financially included through PATMIR (Number, Custom)

<table>
<thead>
<tr>
<th></th>
<th>Baseline</th>
<th>Actual (Previous)</th>
<th>Actual (Current)</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value</strong></td>
<td>0.00</td>
<td>1,029,534.00</td>
<td>1,027,449.00</td>
<td>977,950.00</td>
</tr>
<tr>
<td><strong>Date</strong></td>
<td>30-Oct-2011</td>
<td>30-Sep-2016</td>
<td>31-Dec-2016</td>
<td>21-Jul-2017</td>
</tr>
</tbody>
</table>

#### Of which women (Percentage, Custom Supplement)

<table>
<thead>
<tr>
<th></th>
<th>Baseline</th>
<th>Actual (Previous)</th>
<th>Actual (Current)</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value</strong></td>
<td>0.00</td>
<td>58.70</td>
<td>58.80</td>
<td>50.00</td>
</tr>
</tbody>
</table>

### Overall Comments

#### Intermediate Results Indicators
### Entities receiving training and technical assistance for certification (Number, Custom)

<table>
<thead>
<tr>
<th>Value</th>
<th>Baseline</th>
<th>Actual (Previous)</th>
<th>Actual (Current)</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00</td>
<td></td>
<td>168.00</td>
<td>168.00</td>
<td>170.00</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Date</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>30-Oct-2011</td>
<td>30-Sep-2016</td>
<td>31-Dec-2016</td>
<td>21-Jul-2017</td>
<td></td>
</tr>
</tbody>
</table>

### Entities receiving training and technical assistance for operational improvement (Number, Custom)

<table>
<thead>
<tr>
<th>Value</th>
<th>Baseline</th>
<th>Actual (Previous)</th>
<th>Actual (Current)</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00</td>
<td></td>
<td>171.00</td>
<td>175.00</td>
<td>171.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

### Number of entities assessed for mergers, assets/liability transfers or liquidation (Number, Custom)

<table>
<thead>
<tr>
<th>Value</th>
<th>Baseline</th>
<th>Actual (Previous)</th>
<th>Actual (Current)</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.00</td>
<td></td>
<td>57.00</td>
<td>58.00</td>
<td>60.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>30-Oct-2011</td>
<td>30-Sep-2016</td>
<td>31-Dec-2016</td>
<td>21-Jul-2017</td>
<td></td>
</tr>
</tbody>
</table>

### Number of institutions that improved their performance towards certification (to be monitored until certification deadline) (Number, Custom)

<table>
<thead>
<tr>
<th>Value</th>
<th>Baseline</th>
<th>Actual (Previous)</th>
<th>Actual (Current)</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00</td>
<td></td>
<td>176.00</td>
<td>176.00</td>
<td>176.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>
### Number of reporting certified institutions with a capital adequacy ratio 100% of minimum requirement or above (Text, Custom)

<table>
<thead>
<tr>
<th>Value</th>
<th>Baseline</th>
<th>Actual (Previous)</th>
<th>Actual (Current)</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>90/92</td>
<td>175.00</td>
<td>185.00</td>
<td>180.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date</th>
<th>Baseline</th>
<th>Actual (Previous)</th>
<th>Actual (Current)</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30-Oct-2011</td>
<td>30-Sep-2016</td>
<td>31-Dec-2016</td>
<td>21-Jul-2017</td>
</tr>
</tbody>
</table>

### Mobile phone pilot (Text, Custom)

<table>
<thead>
<tr>
<th>Value</th>
<th>Baseline</th>
<th>Actual (Previous)</th>
<th>Actual (Current)</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Initial pilot design</td>
<td>80%</td>
<td>N.A</td>
<td>Lessons learned and strategy developed</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date</th>
<th>Baseline</th>
<th>Actual (Previous)</th>
<th>Actual (Current)</th>
<th>End Target</th>
</tr>
</thead>
</table>

### IT Platform Uptime (Percentage, Custom)

<table>
<thead>
<tr>
<th>Value</th>
<th>Baseline</th>
<th>Actual (Previous)</th>
<th>Actual (Current)</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>99.86</td>
<td>100.00</td>
<td>100.00</td>
<td>99.90</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date</th>
<th>Baseline</th>
<th>Actual (Previous)</th>
<th>Actual (Current)</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30-Oct-2011</td>
<td>30-Sep-2016</td>
<td>31-Dec-2016</td>
<td>21-Jul-2017</td>
</tr>
</tbody>
</table>

### Processor Utilization (Text, Custom)

<table>
<thead>
<tr>
<th>Value</th>
<th>Baseline</th>
<th>Actual (Previous)</th>
<th>Actual (Current)</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>82%</td>
<td>47%</td>
<td>50%</td>
<td>Less than 70%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date</th>
<th>Baseline</th>
<th>Actual (Previous)</th>
<th>Actual (Current)</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30-Oct-2011</td>
<td>30-Sep-2016</td>
<td>31-Dec-2016</td>
<td>21-Jul-2017</td>
</tr>
</tbody>
</table>
### Bandwidth Utilization (Text, Custom)

<table>
<thead>
<tr>
<th></th>
<th>Baseline</th>
<th>Actual (Previous)</th>
<th>Actual (Current)</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>9.6 Mbps</td>
<td>12 Mbps</td>
<td>13.5 Mbps</td>
<td>20 Mbps</td>
</tr>
</tbody>
</table>

### Number of entities receiving technical support to use IT Platform (Number, Custom)

<table>
<thead>
<tr>
<th></th>
<th>Baseline</th>
<th>Actual (Previous)</th>
<th>Actual (Current)</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>0.00</td>
<td>75.00</td>
<td>75.00</td>
<td>40.00</td>
</tr>
<tr>
<td>Date</td>
<td>30-Oct-2011</td>
<td>30-Jun-2016</td>
<td>31-Dec-2016</td>
<td>21-Jul-2017</td>
</tr>
</tbody>
</table>

### Reduction in man-hours spent on resolving errors (Hours, Custom)

<table>
<thead>
<tr>
<th></th>
<th>Baseline</th>
<th>Actual (Previous)</th>
<th>Actual (Current)</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>120.00</td>
<td>16.90</td>
<td>3.60</td>
<td>40.00</td>
</tr>
<tr>
<td>Date</td>
<td>30-Oct-2011</td>
<td>30-Sep-2016</td>
<td>31-Dec-2016</td>
<td>21-Jul-2017</td>
</tr>
</tbody>
</table>

### Reduction in time required for end-of-day batch runs (Text, Custom)

<table>
<thead>
<tr>
<th></th>
<th>Baseline</th>
<th>Actual (Previous)</th>
<th>Actual (Current)</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>7.8 Hours</td>
<td>5.70</td>
<td>7.90</td>
<td>Less than 6 Hours</td>
</tr>
<tr>
<td>Date</td>
<td>30-Oct-2011</td>
<td>30-Sep-2016</td>
<td>31-Dec-2016</td>
<td>21-Jul-2017</td>
</tr>
</tbody>
</table>
Number of access points for correspondent agents (Number, Custom)

<table>
<thead>
<tr>
<th></th>
<th>Baseline</th>
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<th>Actual (Current)</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>95.00</td>
<td>2,118.00</td>
<td>2,161.00</td>
<td>2,300.00</td>
</tr>
<tr>
<td>Date</td>
<td>30-Oct-2011</td>
<td>31-Dec-2016</td>
<td>31-Dec-2016</td>
<td>21-Jul-2017</td>
</tr>
</tbody>
</table>

Overall Comments

Data on Financial Performance

Disbursements (by loan)

<table>
<thead>
<tr>
<th>Project</th>
<th>Loan/Credit/TF</th>
<th>Status</th>
<th>Currency</th>
<th>Original</th>
<th>Revised</th>
<th>Cancelled</th>
<th>Disbursed</th>
<th>Undisbursed</th>
<th>Disbursed</th>
<th>Disbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>P123367</td>
<td>IBRD-81070</td>
<td>Effective</td>
<td>USD</td>
<td>100.00</td>
<td>100.00</td>
<td>0.00</td>
<td>64.23</td>
<td>35.77</td>
<td>64%</td>
<td>64%</td>
</tr>
</tbody>
</table>

Key Dates (by loan)

<table>
<thead>
<tr>
<th>Project</th>
<th>Loan/Credit/TF</th>
<th>Status</th>
<th>Approval Date</th>
<th>Signing Date</th>
<th>Effectiveness Date</th>
<th>Orig. Closing Date</th>
<th>Rev. Closing Date</th>
</tr>
</thead>
</table>

Cumulative Disbursements
Restructuring History

Level 2 Approved on 31-Jul-2014, Level 2 Approved on 13-Dec-2016

Related Project(s)

There are no related projects.