

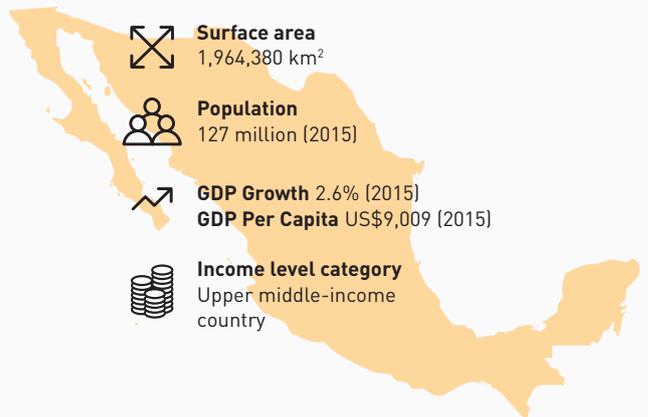


1. Country Context

Mexico is an upper middle-income country and the second largest economy in Latin America. Private consumption is currently the main component of the economy, backed by strong job creation, real wage growth and credit expansion. While investment activity has slowed down, the government remains committed to fiscal consolidation with the goal of reducing the fiscal deficit to 2.5% of GDP by 2018. The Congress has approved a National Anti-Corruption System to enhance efforts in combating corruption. At the COP21 conference, Mexico has pledged to reduce greenhouse gas emissions by 22% by 2030. According to a AMEXCID survey in 2015, Germany, the United States and the European Union are the main bilateral partners; the IADB, World Bank, IFAD, KfW and African Development Bank provided most of the non-concessional financial co-operation, while small amounts of concessional loans were also provided.

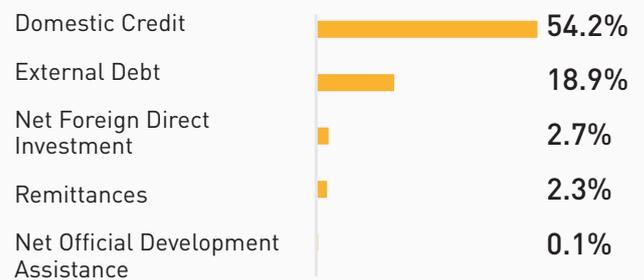
Because of its dual character as partner and recipient of development co-operation and to fulfil its commitment as co-chair of the Global Partnership, instead of directly participating in the monitoring round, Mexico prepared an *ad hoc* report to examine its progress in implementing the effective development co-operation principles, particularly in South-South co-operation (SSC).

Quick Facts

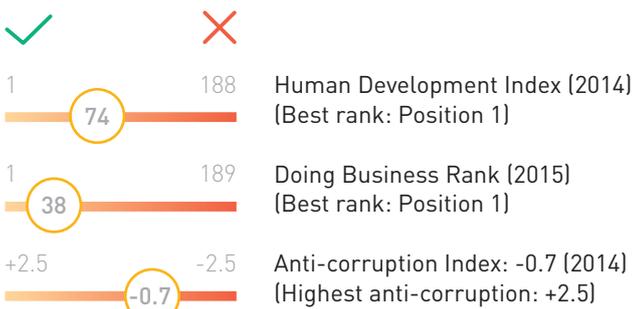
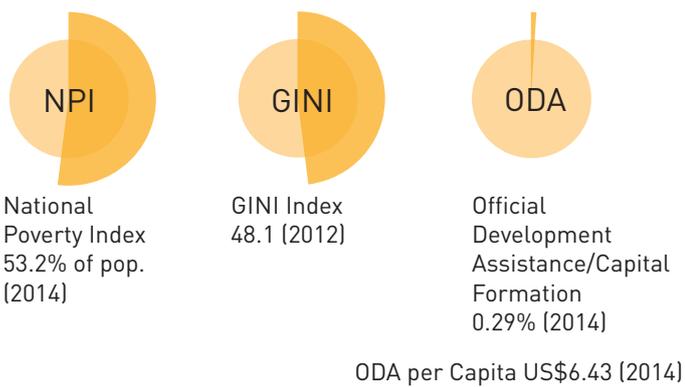


Inflows (% Gross Domestic Product)

LATEST YEAR AVAILABLE



Key Development Indices:



Key Development Challenges

Mexico faces challenges against the backdrop of a complex global macroeconomic environment. Economic growth has stalled partly due to the tightening of the United States monetary policy and the slowdown of economic growth in emerging markets. Although 0.1 million people were lifted out of extreme poverty during 2012-2014, the population living in poverty has increased. Mexico recognizes that income alone is not enough to measure poverty and developed a methodology to capture the multidimensional nature of poverty that includes social deprivations in diverse sectors such as education, health, housing, social security and nutrition. Despite these challenges, the economy shows resilience with 2.5% growth during 2015 and improved labour market statistics. The public sector has achieved its fiscal targets for 2015. The government has embraced an ample programme of structural reforms encompassing labour, education, the financial system, energy and telecommunications, among other areas. The general aim is to promote greater market flexibility, competitiveness and investment in human and physical capital, thereby boosting total factor productivity growth. It also introduced a bill for the creation of special economic zones aimed at reducing regional disparities in economic development.

2. Efforts to Implement the Effectiveness Principles

A. Policies and Tools for Partners' Alignment

The Planning Act (*Ley de Planeación*) of 1983 establishes the basis for developing and monitoring the National Development Plan (*Plan Nacional de Desarrollo*, PND) and aligns activities of the Federal Public Administration (*Administración Pública Federal*, APF). The

Federal Budget and Fiscal Responsibility Act (*Ley Federal de Presupuesto y Responsabilidad Hacendaria*) embodies a results-based budgeting system and a performance evaluation system for the implementation of national development plans. Mexico has

fulfilled over 80% of the MDGs set for the country and goals remain to be achieved are related to labour income, health and the environment.

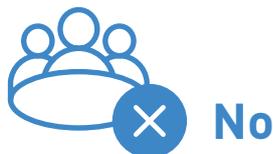
Major Development Partners (Gross ODA, 2013-2014 Average)



Major SSC Partners



¹ Central American countries, plus Dominican Republic and Colombia. <http://www.proyectomesoamerica.org/>



Participation in 2014 Monitoring



Existence of a National Co-operation Policy

B. Governance and Management of Development Finance and Co-operation

Mexico presents a special case of development co-operation with the dual character of both providing partner and receiving partner. The Mexican Agency for International Development Co-operation (AMEXCID in Spanish) was established in 2011 to coordinate incoming and outgoing co-operation, the latter with a special focus on Central America and the Caribbean. Mexico has taken an active role in SSC, particularly in enhancing the transparency and registration processes as well as systematization and analysis of information. AMEXCID created a National Data Base of International Development Co-operation (RENCID) that gathers information on development co-operation exchanges at the federal level. On an international level, Mexico is part of the advisory groups in ECLAC and the Organization of Ibero-American States on SSC quantification and information systems for data collection on co-operation. Additionally, AMEXCID partakes in discussions

on methodology held by the different initiatives, among them the Network of Southern Think Tanks (NeST). Some Latin American countries have expressed interest in knowledge-sharing with Mexico. In order to contribute to the discussion of SSC measurement, Mexico organized a multi-stakeholder workshop on the Monitoring Framework from the perspective of Southern partner countries in December 2014. The Programme for International Development Co-operation (PROCID) has been mandated by law as an instrument for guiding, planning and executing co-operation activities. Specific sectorial programmes in the health and environment sectors have outlined specific actions on international co-operation in the PROCID. The National Council for the Evaluation of Social Development Policy (CONEVAL) regulates and coordinates the evaluation of social development policies and programmes executed by public agencies.

3. Country Ownership

Indicator 1: Partners' Alignment and Use of Country-Led Results Frameworks



Based on a 2015 AMEXCID survey, the objectives of all projects were aligned with the National Development Plan and the sectorial programmes. Most financial co-operation uses national results frameworks, but the use of performance indicators varies among bilateral partners: the EU is the champion in this aspect, Germany recognizes the indicators in most projects and the United States does not necessarily use these indicators. Most subnational states reported joint planning with partners, during which 40% of objectives were designed using local planning tools and 30% were based on partners' co-operation strategy. AMEXCID is conducting a mapping exercise in partnership with the UNDP to learn about the needs and scope of development co-operation at the subnational level.



Mexico has improved the tools for project design and requires proof of alignment among the project objectives, national policies and partner country priorities. To promote country ownership by recipients, Mexico emphasises complementarity, sustainability and co-financing in development co-operation. In addition, for horizontal co-operation projects where benefits and costs are shared, Mexico ensures mutual alignment for both countries.

Indicator 6. Development Co-operation is on Budget (Subject to Parliamentary Scrutiny)



Debt ceilings approved by Congress include provisions for financial co-operation from international financial institutions and are within the framework of budgetary programmes. Investment loans are executed through the budget and fast-disbursing loans are executed within the upper limits of the Revenue Act. The Federal Law on Budget and Fiscal Responsibility requires that all external sources of development co-operation be included in the annual budget of (public) recipient institutions for approval by the Secretariat of Finance and Public Credit (Secretaría de Hacienda y Crédito Público, SHCP).



Since Mexico mainly provides technical co-operation instead of finance, its contribution cannot be reflected in the recipient governments' budgets as traditional partners. The budgets and planned agendas for SSC are usually determined by availability of experts who are mostly government staff and do not receive additional remuneration. Mexico is taking actions to further engage parliamentarians in development co-operation.

Indicator 9. Use of Country Systems



For financial co-operation, all providers of non-concessional finance have used national budget execution, financial reporting and auditing procedures. Mexico also has harmonized procurement systems with most international financial institutions (IFIs). As a middle-income country with advanced national systems, Mexico enjoys a high level of trust and flow of information with IFIs.



Financial co-operation provided by Mexico for infrastructure projects funded by the Infrastructure Fund for Mesoamerica and the Caribbean is channelled through IFIs such as the Office of the United Nations for Project Services (UNOPS), the Central American Bank for Economic Integration (BCIE) and the Inter-American Development Bank (IDB). The rationale for using IFIs is to avoid problems in direct execution. The indicator is not applicable to Mexico's technical co-operation.

Indicator 10. Official Development Finance is Untied

Mexico as a non-DAC partner provides co-operation that is entirely untied. The rules of procedure of the Mesoamerican and Caribbean Countries Infrastructure Fund

were modified in 2015, by which all financial co-operation in this category is untied. Mexico mostly provided technical co-operation related to sharing national knowledge and public

policy experience, so most experts sent were Mexicans.

4. Inclusive Partnerships for Development

Indicator 2. Fostering CSO Enabling Environment for Development

During the Second Monitoring Round, the five ad hoc Technical Councils of the Mexican Agency for International Development Co-operation were the main mechanism for consultation and institutionalized forums for dialogue with civil society, private sector, local governments and academia. The Ministry of Foreign Affairs has a General Directorate

for Liaison with CSOs to promote more inclusivity in international dialogue. Based on surveys organized around Indicator 2, there is considerable participation from civil society in defining national development policies, objectives, priorities and goals of development co-operation. However, the process needs to be more regular, inclusive and binding. Most

CSOs identified relevant mechanisms for transparency and accountability. Nevertheless, there is space for improvement to make the coordination between government and civil society more effective, regular and formal. A national legal framework allows civil society to operate, but gaps exist in its application.

Indicator 3. Engagement and Contribution of the Private Sector to Development

The National Institute of Entrepreneurship (INADEM), for example, oversees and supports private sector development, while other ministries and national development banks provide sectoral assistance. Chambers, associations, unions and groups of business leaders are engaged in dis-

cussion with the government regarding specific policy issues. The AMEXCID Technical Council on Business is aimed at sharing views with the private sector and advising AMEXCID in setting policies and programmes in development co-operation. In 2016, the Partnership for

Sustainability initiative created a platform engaging more than 80 representatives from businesses, foundations and entrepreneurial organizations in dialogue on promoting development co-operation towards implementing the 2030 Agenda.

Indicator 8. Gender Empowerment

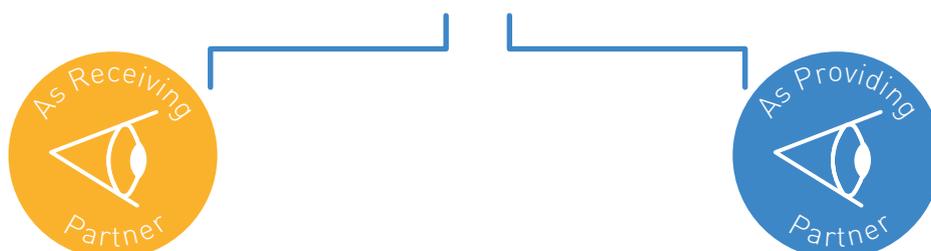
The government budget process allows projections for gender equality allocations. National legislation also mandates the inclusion of gender perspective in budgeting, which has been integrated into federal budget since 2008. Such information has been

made available to the public. The National Development Plan 2013-2018 includes a gender perspective as one of the transversal axes, which translated into the National Programme for Equal Opportunity and Non-Discrimination against Women 2013-2018.

Also, national law has established the issuance of legal rules, appropriate budgetary and administrative measures to ensure women's rights against violence.

5. Transparency and Accountability

Indicator 5. Development Co-operation is More Predictable



In terms of annual predictability of bilateral co-operation to the public sector, Germany has provided 100% in-year disbursements, the EU has provided 19%, and United States funding was channelled through non-state sectors. For financial co-operation, KfW and AFD disbursed 100% in 2015, while loans made by IDB and the World Bank depend on needs and implementation capacity of respective ministries.

Since Mexico mainly provides technical co-operation, the majority of expenditure associated with project implementation consists of transportation costs for national experts. Project implementation also depends on the availability of personnel and resources as well as common spaces in the agendas of government institutions.

Indicator 7. Mutual Accountability

Mexico as a provider of development co-operation conducts review exercises before the Joint Committee Meeting (Comixta), which approves new bilateral co-operation programmes and agrees on the monitoring

and evaluation mechanism, among other things. However, these reviews are yet not focused on evaluating results, processes or design. In 2015, AMEXCID developed an Evaluation Strategy 2015-2016 as the

first step towards evaluating outcomes of bilateral co-operation. The first product was a pilot project with Honduras to assess the co-operation provided. This study will contribute to a future evaluation policy.

Indicator 4. Transparency of Development Co-operation

Mexico has not formally participated in the IATI, but the IATI has expressed interest in including Mexico as a representative of Southern partners. Mexico has provided extensive technical co-operation that could not be captured by the traditional measurement of development co-operation. Mexico has developed a methodology to quantify in financial terms the co-operation

provided that is integrated into the National Registry for International Development Co-operation (RENCID). The value of technical co-operation is only approximately recorded based on opportunity cost incurred by sending specialized government officials to partner countries. Nevertheless, Southern partners have been developing processes and systems to collect, analyse and disseminate

information on international development co-operation. The RENCID contains detailed information on programmes, projects, expenses, results, evaluations and legal instruments of co-operation, which will feed into the Information System for International Development Cooperation (SICID).

National Priorities Going Forward

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AMEXCID is developing a new management approach to contribute with relevance, efficiency, effectiveness, sustainability and impact through every initiative and process carried out by the Agency. As a result of the efforts to monitor and measure the co-operation Mexico is engaged in, it is evident that countries with a dual role in development co-operation face a particular challenge: our institutional machinery should be able to serve both roles with quality, coherence and consistency. The complexity of such endeavour implies: i) increasing coordination and knowledge among actors, even within the public sector; ii) refining data collection and enabling its use; and iii) institutionalizing a learning approach for the continuous improvement of development co-operation management. The *ad hoc* report produced by Mexico is an initial contribution towards a more inclusive and responsive monitoring framework that leads to a better understanding and, therefore, an improved measurement of development effectiveness relevant to the diversity of stakeholders.

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Disclaimer This document was prepared based on Mexico's *ad hoc* report on the effectiveness of development co-operation principles. The views presented cannot be used or cited as an official UNDP source of information.

For ease of reference, the term 'country' is used to refer to participating countries and territories that reported to the Second Monitoring Round. Participation in this process and mention of any participant in this document is without prejudice to the status or international recognition of a given country or territory.