

# Annex 1 (Joint Programme Template)

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## Joint SDG Fund - 1st Call on SDG Financing

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### Joint Programme Document - Simplified Template -

#### A. COVER PAGE

- 1. Fund Name:** Joint SDG Fund
- 2. MPTFO Project Reference Number** FC1 2020 MEX
- 3. Joint programme title.** Improving the allocation of risks and resources for sustainable development.
- 4. Short title.** Risks and resource allocation in Mexico
- 5. Country and region.** Mexico
- 6. Resident Coordinator** Antonio Molpeceres, antonio.molpeceres@un.org
- 7. UN Joint programme focal point** Salomé Flores Sierra, salome.flores@un.org
- 8. Government Joint Programme focal point:**

**9. Short description:**

Mexico's public and private financial system actors are increasingly supporting the transition to sustainable development. Significant challenges remain in terms of capacity creation, implementation and disclosure of environmental and social risks and opportunities. Reaching the goals set by the 2030 Agenda requires countries to go beyond a business-as-usual approach to financing development, increasing the amount of public and private resources allocated to sustainable development, focusing on increasing the financial system's resilience to the most pressing social and environmental risks.

This joint project will strengthen the governance of the Mexican financial system for sustainable development, through a three-pronged strategy. The first will be to identify resource gaps by mapping the financial and non-financial resources to implement the SDGs

and the Paris Accord at the national level. The project aims to support the strengthening of coherent development strategies, policies and regulations of different authorities, specially within the financial sector. The second will be to develop capacities and tools to strengthen the financial system's resilience to environmental and climate risks, through better comprehension of climate related risks that could affect financial system stability and the development of policies and tools to act according to environmental and social risks and opportunities. Finally, the project will support the relevant national authorities in reinforcing the legal and institutional framework and capacities to identify, recover and integrate assets resulting from corruption and other crimes that derive from it. These recovered assets will increase the availability of resources for sustainable development.

**10. Keywords:** Integrated National Financial Framework, Development Finance Assessment, Corruption, Asset Recovery and Reintegration, Sustainable Development Goals, 2030 Agenda, Green finance.

### 11. Overview of budget

<b>Joint SDG Fund contribution</b>	<b>USD 999,998</b>
Co-funding PUNOs	<b>USD 588,416</b>
<b>TOTAL</b>	<b>USD 1,588,414</b>

### 12. Timeframe:

<b>Start date</b>	<b>End date</b>	<b>Duration</b> (in months)
July 2020	July 2022	24 Months

**13. Gender Marker:** 0.67

### 14. Participating UN Organizations (PUNO) and Partners:

#### 14.1 PUNO

#### Convening agency

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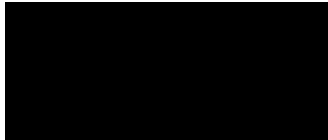
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**SIGNATURE PAGE**

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 <b>Antonino De Leo</b> <b>UNODC Representative in Mexico</b> <b>Participating UN Organization</b>	
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## B. STRATEGIC FRAMEWORK

### 1. Call for Concept Notes: SDG Financing (2/2019) – Component 1

### 2. Programme Outcome [pre-selected]

- **Outcome 1.** Additional financing leveraged to accelerate SDG achievement (Joint SDG Fund Outcome 2)
- **Outcome 2.** The Mexican financial system's governance is strengthened in line with sustainable development.

### 3. UNDAF Outcomes and Outputs

This joint program is aligned with the United Nations Sustainable Development Cooperation Framework (UNSDCF) 2020-2025. The UNSDCF, which is aligned with the National Development Plan, is currently in a draft version.

The UNSDCF states that the UN Country Team (UNCT), will integrate a Financing Framework that will be based on a joint evaluation of the resources needed to implement the Cooperation Framework. This exercise will identify the general financing needs to achieve the outcomes, as well as the available resources, and will make visible the gaps in financial and non-financial, public and private, domestic and international resources to be mobilized. The joint program is aligned with the UNCT joint resource mobilization strategy and alliances for the Cooperation Framework, under a collective results approach. This JP will also contribute to achieve the following UNSDCF's Outcomes and strategic lines of action:

#### 3.1 Outcomes and 3.2 Outputs

**Outcome 6.** By 2025, the Mexican State implements policies, strategies and programmes that allow the transition to a green economy with climate change mitigation and the strengthening of the institutional framework, considering energy efficiency, the promotion of renewable energies, as well as sustainable production, consumption, transport, cities and agriculture; with a focus on health, human rights, gender, interculturality, life cycle and territory.

- **Strategic line 6.9.** Promotion of inclusive alliances, international cooperation and knowledge management, including the systematization and exchange of lessons learned and good practices, for the transparent and disclosed financing of the transition to the green economy.

**Outcome 7.** By 2025, the Mexican State strengthens its capacities for adaptation and resilience in the face of climate variability and climate change, through multisectoral policies, programmes, tools and services with a focus on human rights, gender, interculturality, life cycle and territory, emphasis on the most vulnerable population groups and territories, which consider the integral management of water and disaster risks, and based on the sustainable management of ecosystems.



- **Strategic line 7.2.** Advocacy, political dialogue, technical support, strengthening of institutional capacities, promotion of inclusive alliances and knowledge management so that regulatory frameworks, policies, programmes and public budgets related to comprehensive risk management and adaptation to the effects of climate change. That these policies, include the ecosystem approach, be in line with international commitments and standards in disaster risk reduction, and include financing for disaster prevention, with an integrated approach.
- **Strategic line 7.8** Knowledge management, technical support, promotion of inclusive alliances, strengthening of institutional capacities and international cooperation to strengthen sectoral decision making and generation of national and regional programmes on issues related to people displaced due to climate and disasters.

**Outcome 9.** By 2025, institutions of the Mexican State and civil society are articulated and have installed capacities to prevent, report and punish acts of corruption, promote accountability mechanisms and guarantee social and political participation in inclusive decision making, in a transparent manner, in conditions of equality and without leaving anyone behind.

- **Strategic line 9.4.** Promotion of inclusive alliances, technical support and strengthening of institutional capacities for the effective formulation and implementation of national and international regulatory frameworks and public policies to prevent, denounce, detect, investigate and punish acts of corruption under the principle of co-responsibility and transparency with the private sector, civil society and citizenship.
- **Strategic line 9.5.** Promotion of inclusive alliances with the private sector and strengthening of institutional capacities for the promotion of a culture of legality, integrity and zero tolerance for corruption-related practices, as well as for the implementation of the Guiding Principles on business and human rights.
- **Strategic line 9.8.** Knowledge management, technical support, inclusive alliances and cooperation for the exchange of good practices in research, generation and use of disaggregated data, statistics and indicators with a gender perspective on anti-corruption, transparency, accountability, and recovery of assets, as well as access to information and social and political participation.

#### 4. SDG Targets directly addressed by the Joint Programme

##### 4.1 List of goals and targets

This Joint Program will substantially contribute to the acceleration of SDG targets in particular:

- Goal 13. Take Urgent Action to Combat Climate Change and its Impacts

- 13.2 Integrate climate change measures into national policies, strategies and planning
- 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning
- Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
  - 16.4 By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime
- Goal 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development
  - 17.14 Enhance policy coherence for sustainable development

**This Joint Program also contributes to the following SDG goals and targets:**

- Goal 5. Achieve gender equality and empower all women and girls
  - 5.A Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws.
- Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
  - 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels
- Goal 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development
  - 17.1 Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection
  - 17.9 Enhance international support for implementing effective and targeted capacity-building in developing countries to support national plans to implement all the sustainable development goals, including through North-South, South-South and triangular cooperation

### 3.2 Expected SDG impact

The programme recognizes that there are gaps in the mobilization and use of resources for the acceleration of the SDGs. The recommendations promoted in the Joint Programme (JP) will facilitate the alignment of financial policies to the Sustainable Development Goals (SDGs) and the use of resources for sustainable development across the board. By focusing on laying the groundwork through an integrated financing framework and institutional strengthening for asset recovery and the inclusion of environmental criteria in financial management, the joint programme directly enhances policy coherence for sustainable development, in line with SDG target 17.14. Through specific actions and pre-identified gaps on financing for development in the country, the program contributes to the achievement of targets related to urgent action to combat climate change and the better allocation of resources to prevent risk and promote resilience (13.2 and 13.3) and the promotion of peaceful and inclusive

societies by reinforcing the legal framework and institutions to recover assets and invest these in sustainable development (16.4). It also has the potential to directly impact a wide range of SDGs through the strategies and regulations that will be proposed.

## **5. Relevant objective(s) from the national SDG framework**

- Since 2017, the Ministry of Finance has been linking budgetary programmes to SDG targets and determining the kind of contribution that each of these budgetary programmes have on the achievement of the 2030 Agenda. This linking process has been established as mandatory for all ministries, based on the guidelines produced by the Ministry of Finance, and aims to enhance the allocation process towards sustainable development.
- The National Strategy for the Implementation of the 2030 Agenda (2019) establishes that by 2030 Mexico will increase financing for sustainable development, by fostering the interaction of funds, actors and innovative financial mechanisms. Additionally, it states that one of the main challenges for the present administration, in order to leverage resources that foster economic and social development, is to consolidate a transparent and efficient financial system in which corruption is effectively detected and punished. Additionally, it prioritizes the identification of the most adequate sources of financing to fund sustainable projects and their articulation with initiatives that contribute to the achievement of the SDGs in Mexico.
- According to the National Development Plan (2019-2024), one of the federal government's central aims is to eradicate corruption and the misuse of public funds. The strategy focuses on combating resource diversion. Its aim is to improve the use of public resources as an urgent demand and that the most direct, effective and forceful way to promote both efficiency and effectiveness in public management, as well as the use of human resources and materials, using them to the general welfare of the population, through the frontal fight against corruption and impunity.
- The National Development Plan also emphasizes that the government will consider the social and environmental impacts of all its policies and programmes, guided by a model of development that reduces inequalities and promotes economic growth without negative impacts on peaceful coexistence, diversity and the environment.
- The objectives of the plan include encouraging economic development that promotes the reduction of emissions of greenhouse gases and compounds and adaptation to climate change in order to improve the quality of life of the population. To this end, it proposes to promote public investment and encourage the transfer of other sources of financing to invest in measures for mitigating and adapting to climate change, as well as economic and market instruments that promote the reduction of greenhouse gas and compound emissions in strategic sectors.

## **6. Brief overview of the Theory of Change of the Joint programme**

Mexico's public and private financial system actors are increasingly supporting the transition to sustainable development. Significant challenges remain in terms of capacity creation, implementation and disclosure of environmental and social risks and opportunities. Although

the government has made important strides towards linking its budgetary programs to the SDGs they support, further work is needed to identify crucial funding gaps and threats to the achievement of the development goals, and mobilize resources from all sectors to make sure the country is on track to accomplish the goals by strengthening the link between national planning—particularly the budgeting process—and the country’s stated development goals, moving towards an integrated national financing framework for sustainable development. If financing gaps to implement the SDGs at the national level were identified; if development policies to strengthen the financial system resilience to environmental and climate risks were promoted; and if there is a reinforced the regulatory framework and institutional and process capacities to identify, recover and return assets resulting from corruption into the country’s sustainable development priorities were reinforced; then the Government of Mexico would have an enhanced financial system governance framework to increase the amount of public and private resources allocated to sustainable development and increase its financial system’s resilience to the most pressing social and environmental risks.

## **7. Trans-boundary and/or regional issues**

International cooperation on trans-boundary and/or regional issues will focus in identifying and repatriating assets. A significant portion of assets resulting from corruption are currently held outside of Mexico. In order to identify and repatriate them to use in the government’s sustainable development priorities, the project will pursue significant cooperation from foreign national and international authorities, in different areas and levels and directly focused on the National Development Plan and the 2030 Agenda.

## C. JOINT PROGRAMME DESCRIPTION

### 1. Baseline and Situation Analysis

#### 1.1 Problem statement

Mexico's National Strategy for the implementation of the 2030 Agenda identifies resource mobilization as a priority. The first axis of the National Council for the Implementation of the 2030 Agenda work plan is to increase investments for sustainable development, through the development of a pipeline to articulate national and international funds with sustainable development priorities. At the same time, the current National Development Plan<sup>1</sup> outlines strategies that will contribute to the achievement of the SDGs along three axes: politics and government, social policy, and economy. The politics and government axis places particular emphasis on eradicating corruption--a flagship initiative of the federal administration--in order to free up more resources to address the population's needs, guarantee the exercise of rights, and boost the country's growth. The clear emphasis placed by the federal government on mobilizing resources for sustainable development and eliminating corruption makes this Joint Program proposal particularly relevant, as it outlines clear strategies to support the government in the implementation of these priorities, and identifies complementarities between the fight against corruption and the need for additional investments in sustainable development.

On the other hand, issues linked to climate change preparedness and greening of the economy are to continue having high priority by the 2018-2024 federal administration, and should continue receiving support from actors in the financial system. The focus of this proposal, on financing for sustainable development, is an opportunity to continue having the issue solidly on the policy agenda.

#### *National Financing Framework*

Mexico's public and private financial system actors are increasingly supporting the transition to sustainable development. Significant challenges remain in terms of capacity creation, implementation and disclosure of environmental and social risks and opportunities. Although the government has made important strides towards linking its budgetary programmes to the SDGs they support, further work is needed to identify crucial funding gaps and threats to the achievement of the development goals, and mobilize resources from all sectors to make sure the country is on track to accomplish the goals. In this context, there is a clear need to strengthen the link between national planning—particularly the budgeting process—and the country's stated development goals, moving towards an integrated national financing framework for sustainable development. As noted in the Financing for Sustainable Development Report 2020, countries should take strategic decisions that could include all stakeholders and provide a common frame of reference, therefore, an integrated national financing framework can help national policy planning by supporting resource mobilization and allocation.

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<sup>1</sup> Plan Nacional de Desarrollo 2019-2024, [https://www.dof.gob.mx/nota\\_detalle.php?codigo=5565599&fecha=12/07/2019](https://www.dof.gob.mx/nota_detalle.php?codigo=5565599&fecha=12/07/2019)

Mexico's national planning law<sup>2</sup> specifies that the federal administrations from 2018 to 2030 may take into account the 2030 Agenda when formulating their national development plans. For its part, since the 2018 cycle the federal expenditure budget<sup>3</sup> establishes that programmes must specify their linkage to the SDGs, and that the Ministry of Finance may review the criteria to make these links, in order to estimate the federal budget dedicated to the SDGs.

There are also important advances in ensuring that the federal budget assigns resources to promote gender equality. Since 2008, the federal budget establishes an obligation for all federal ministries to mainstream gender equality in the design, implementation, monitoring and evaluation of all federal programmes. This obligation is quantified in an annex to federal budget that identifies the planned expenditures that strengthen equality between men and women. The creation of this annex stems from an analysis of financing gaps which evidenced a lack of public resources targeted towards reducing inequality. While this annex gives visibility to public spending for gender equality, it does not completely close the resource gap or improve the coherence between spending and planning.

More recently, the Office of the Presidency has established a unit responsible for the follow-up of the 2030 Agenda, which also coordinates the work of the National Council for the Implementation of the 2030 Agenda and co-presides a Technical Committee of Experts on the SDGs. This unit is currently carrying out an analysis of the cost of achieving the SDGs in Mexico, in cooperation with the *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ).

These national planning instruments set a strong framework that identifies the national priorities in relation to the 2030 Agenda. However, because they are federal government planning instruments, they do not have a broad panorama of resources for sustainable development at other levels of government or in other sectors and they do not measure the sufficiency of resources to achieve the goals.

Additionally, these national challenges are framed in a context of broader issues that can compromise the stability of the financial system, therefore the availability of resources for development. These challenges require a robust diagnosis, and a governance of the national financial system that responds to them.

#### *Asset misallocation, externalities and financial system stability*

The global economy has abundant stocks of financial assets, but insufficient flows of investment in the areas where they are needed for long-term sustainable development. Today, the governance, incentives and risk management of banks and other financial institutions can create significant spillover effects, as well as degrading natural assets and generating greenhouse gas emissions. The financial system is also impacted by environmental stress, notably through natural disasters as well as environmental policies. The process of transition to a low-carbon economy will require a significant reallocation of financial flows towards specific sectors, which will translate to both risks and opportunities for the financial industry.

Internationally, central banks have started to consider climate-related scenarios or are looking to implement climate-related scenarios in their stress-test models. In a national context, Mexico is highly exposed to climate related physical risks and natural resource exhaustion,

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<sup>2</sup> Ley Nacional de Planeación, [http://www.diputados.gob.mx/LeyesBiblio/pdf/59\\_160218.pdf](http://www.diputados.gob.mx/LeyesBiblio/pdf/59_160218.pdf)

<sup>3</sup> Presupuesto de Egresos de la Federación para el Ejercicio Fiscal 2020, [http://www.diputados.gob.mx/LeyesBiblio/pdf/PEF\\_2020\\_111219.pdf](http://www.diputados.gob.mx/LeyesBiblio/pdf/PEF_2020_111219.pdf)

because of its geographic characteristics, location and population distribution. The impacts of climate change (physical risks) and the transition to a low-carbon economy (transition risks) will transform economic systems bringing financing opportunities but also risk implications for markets. Considering this, the Mexican Banking Association launched a green protocol in 2016, and now has an opportunity to firm up commitments to foster this agenda. The Advisory Council for Green Finance (CCFV), comprised mainly of asset managers and asset owners in Mexico, has taken a proactive role in promoting green financial markets. In addition, Mexican development banks and important players in the sustainable finance ecosystem have been active through the adoption of the Equator Principles, the issuance of green bonds and the encouragement of sustainable practices among their clients. Policymakers and regulators, on the other hand, are increasingly encouraging banks, investors and corporations to incorporate environmental, social and governance aspects into their business processes, and to disclose these practices to regulators and stakeholders.

Therefore, although important efforts have been made in the country, green finance is an area of opportunity which needs to be reinforced in the national agenda. For this component of the project, it is important to emphasize that the Mexican Ministry of Finance, as well as the nation's central bank and one of the financial system's regulators will be the counterparts, so the impact of the tools and capacities developed will be at the highest level and therefore, with the capacity of permeating the monetary policy framework.

### *Illicit Financial Flows*

An important percentage of the assets resulting from corruption crimes linked to money laundering, directly impact national Gross Domestic Product (GDP) in Mexico. In order to identify, recover, repatriate and reintegrate them, it's necessary to detect and strengthen the gaps in institutional capacities, from those dedicated to research or intelligence generation, to those who have the obligation to manage those resources and insert them into society to use them in government sustainable development priorities. This capacity-building will ultimately impact both national policies and international cooperation with foreign national and international authorities, in different areas and levels. These policies will impact several sectors or institutions with high need such as the health, education, security, among others, as they will receive recovered resources.

Corruption in Mexico is one of the main threats to national development as it hinders the social tissue and competitiveness, however its impact reaches all spheres -political, economic, financial and security. The current government has considered fighting corruption as a central objective within the National Development Plan.

The assets result of corruption have been deeply linked to money laundering activities. This crime is committed using various methods to carry out all types of operations for managing resources of illicit origin both in national territory and abroad. In this regard, Mexico has endemic cases of corruption directly linked to money laundering and organized crime, in which the quantification of assets, exceeds millions of dollars, whose origin and destination may be national, foreign or unknown.

For Mexico, the OECD points out that the economic impact attributable to corruption ranges between 5% and 10% of GDP. On the other hand, the National Institute of Statistics and Geography (INEGI for its spanish acronym) estimated that the cost of corruption due to different government formalities such as vehicle procedures, public education, civil registry or other contacts between citizens and public security authorities was 7,217 million pesos in 2017, which is equivalent to 0.4% of GDP.

There is a recognition that corruption disproportionately affects women. Women living in poverty, as the main users of basic public services such as health, education, water and sanitation, are the ones who most often need to pay for access to them. Additionally, the payment of bribes represents a greater percentage of women's earnings. In the private sector, women face additional obstacles when obtaining permits to operate or when accessing credit. Even in the informal sector, some countries report that women are disproportionately the victims of bribery requests that will allow them to continue operating their business.<sup>4</sup>

Corruption is a national obstacle because of the enormous economic, political and social costs. Identifying and quantifying this value is essential to understand the magnitude of the problem and to establish appropriate public policies for its prevention and eradication. Therefore, the magnitude of these resources requires addressing the issue of recovering assets from the proceeds of corruption, which is a strategic element for the nation's social development.

Currently the process of recovery, return and reintegration of assets is not fully consolidated. There is little institutional capacity, from national and international cooperation, mutual legal assistance, coordination for investigation, rapid repatriation and the proper reintegration of assets of illicit origin into the Mexican financial system. This context provides a huge opportunity for sustainable development as the recovered assets can be directly targeted to vulnerable entities, areas or sectors.

During the Second Cycle of the Review of the Implementation of the United Nations Convention Against Corruption (UNCAC), Mexico received recommendations on the implementation of an adequate legal framework addressing asset recovery. In the absence of an asset recovery law, Mexico could use criminal confiscation and in rem forfeiture (non-conviction based forfeiture), as well as mutual legal assistance for asset recovery at the international level. Additionally, Mexico has endorsed the United Nations Convention against Transnational Organized Crime and has the obligation to adopt measures aimed at confiscating and seizing property from the proceeds of organized crime (article 12), as well as to promote the conditions for generating international cooperation in this area (article 13), seeking to ensure that such property has a social purpose or the purpose of compensating the victims of crime (article 13).

Mexico is not a signatory of any specific agreements or arrangements on asset recovery, although it is a member of the Ibero-American Network for International Legal Cooperation (IberRed) and the GAFILAT Regional Asset Recovery Network (RRAG).

## 1.2 SDGs and targets

### **Goal 13: Take Urgent Action to Combat Climate Change and its Impacts**

In the global framework, the indicators used to measure the targets listed below are aggregated at the country level. In order to measure progress within the scope of this program's application, both indicators have been adapted to be measured at the national level.

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<sup>4</sup> UNDP y UNIFEM, «Corruption, Accountability and Gender, Understanding the Connections» (UNDP, 2010), <https://www.undp.org/content/dam/aplaws/publication/en/publications/womens-empowerment/corruption-accountability-and-gender-understanding-the-connection/Corruption-accountability-and-gender-empowerment/corruption-accountability-and-gender-understanding-the-connection/Corruption-accountability-and-gender.pdf>



*Target 13.2 Integrate climate change measures into national policies, strategies and planning*

- Indicator 13.2.1: Number of countries that have communicated the establishment or operationalization of an integrated policy/strategy/plan which increases their ability to adapt to the adverse impacts of climate change, and foster climate resilience and low greenhouse gas emissions development in a manner that does not threaten food production (including a national adaptation plan, nationally determined contribution, national communication, biennial update report or other)
- Joint program indicator: Number of established or operationalized national-level policies, strategies or plans which increase the country's ability to adapt to the adverse impacts of climate change, and foster climate resilience.
- Baseline: 7
  - Considering the following: General Law of Climate Change; Nationally Determined Contribution; Sixth National Communication and Second Biennial Update Report to the United Nations Framework Convention on Climate Change; National System of Climate change (SINACC); National Climate Change Strategy and Special Climate Change Programme; National Strategy for the Reduction of Emissions from Deforestation and Degradation (ENAREDD+) and Climate Change Information System (SICC).
- Target: 9
- Method to measure progress: Addition to the baseline of the number of national policies/strategies/plans that are developed at the end of the program's implementation, agreed upon by the private and public sectors.

*Target 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.*

- Indicator 13.3.2: Number of countries that have communicated the strengthening of institutional, systemic and individual capacity-building to implement adaptation, mitigation and technology transfer, and development actions.
- Joint program indicator: Number of national-level protocols, regulations and initiatives to implement adaptation and mitigation strategies.
- Baseline (financial sector): 10
  - Protocols/self regulation/regulations: Mexican Banking Association (ABM) has a Green Protocol for banks 'Mexico Sustainability Protocol' and Green Finance Advisory Board (CCFV) has the Green Bonds Principles MX.
  - Initiatives/tools/reports: Energy Efficiency Task Group; Climate Change Fund; Drought Stress Test Tool; TCFD Pilot; Principles for Responsible Banking; National Assessment for Climate Risks; Climate Risk Capacity Building Programme; Climate and Environmental Risks and Opportunities in Mexico's Financial System: From Diagnosis to Action.
- Target: 13
- Method to measure progress: Addition to the baseline of the number of institutional, systemic and individual capacity-building strategies established and communicated for the financial sector, at the end of the program's implementation.

**Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels**

*Target 16.4 By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime.*

This target makes reference to strengthening the recovery and return of stolen assets, which is one of the core objectives of this program. In line with this, an adaptation of the global indicator is proposed.

Indicator 16.4.1: Total value of inward and outward illicit financial flows (in current United States dollars)

Joint program indicator: Total value of recovered assets (in current United States Dollars)

Baseline:1

Target:4. With at least 2 percent of the increase in assigned resources

Method to measure progress: Data provided by INDEP on the value of recovered assets "Strategy of Administration and reintegration of Recovered Assets".

At present, there is no institution in Mexico that properly monitors, quantifies and publishes data on IFFs, nor on assets recovered from them. However, UNODC and the World Bank have put in place the StAR asset recovery database. This database combines Asset Recovery Watch and the StAR agreement database.

This initiative is a baseline source specializing in the issue of recovery and reintegration of assets resulting from corruption. In it there are emblematic cases directly related to Mexico, specifically there are 11 disseminated, in which the recovery amounts, whether as jurisdiction of origin or destination, amount to more than 100 million dollars.

Apart from that, the Institute for the Return of Stolen Goods has put in place a system on the reports of the disposal of assets. It allows to know the performance of 122 federal social development programmes and actions for which a budget of 849 thousand 704 million MXN was approved in 2019. This system measures the effectiveness of the allocation of resources and the performance of these 122 federal programmes.

In this sense, Mexico has a recent National Strategy in which it considers strengthening for the recovery and reintegration of assets resulting from corruption, in order to locate them for national sustainable development, chaired by a Social Cabinet that established the pertinent criteria for the allocation of recovered resources to vulnerable national areas or sectors, with the intention of transversally implementing the SDGs.

This strategy is considered a public policy to strengthen the fight against corruption, generating resources from the products used in corruption crimes and inserting them into the social economy for the growth of sustainable development.

In 2019, INDEP database obtained 990 million pesos from electronic and face-to-face auctions and of that amount 330 correspond to those denominated "with social sense" and were delivered to culture, roads and community works programs.

The INDEP through its "Strategy of Administration and reintegration of Recovered Assets" and with its participation in the Social Cabinet, starts from the recovery of the amount of the year 2019 to increase sustainably with the assistance of the FGR, the assets administered by crime products and the percentage from corruption, for sustainable development.

## **Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development**

*Target 17.14 Enhance policy coherence for sustainable development*

- Indicator 17.14.1: Number of countries with mechanisms in place to enhance policy coherence of sustainable development
- Joint program indicator: Number of integrated national-level strategies to implement and finance the 2030 Agenda.
- Baseline: 1
  - This indicator is currently classified in Tier III, meaning there is no internationally established methodology or standards yet available for the indicator. Mexico currently has a National Strategy for the Implementation of the 2030 Agenda, produced by the executive branch of the federal government, that outlines a common strategy for overall SDG implementation. This National Strategy will be considered as a mechanism for policy coherence, therefore the baseline for this indicator is 1.
- Target: 2
- Method to measure progress: The JP proposes to measure whether Mexico has a policy strategy specifically to mobilize resources for sustainable development at the end of the program's implementation, agreed upon by the private and public sectors, in addition to the existing National Strategy.

*Interlinkages amongst the Targets and opportunities for systemic change*

By strengthening the governance of the Mexican financial system and supporting the national authorities in reinforcing the legal and institutional framework and capacities to integrate assets returned and assets recovered, the means of implementation for sustainable development would be enhanced. The strategy of the JP aims to close gaps between the availability of resources and the activities that need investment, which means an opportunity to link and enhance the work of institutions responsible for the provision of access to justice and the financial sector. Beyond that, this JP represents converting a misuse of assets into policies, strategies and actions that seek to promote sustainable development, specifically on problems of global importance, such as climate change and corruption.

### **1.3 Stakeholder mapping and target groups**

#### **National stakeholders**

Office of the Presidency (OPR). The office leads the federal government's efforts to mainstream the 2030 Agenda and produced the National Strategy for the Implementation of the 2030 Agenda. They also had a key role in the formulation of the National Development Plan. The OPR has shown a keen interest in strengthening the coherence of 2030 Agenda implementation strategies between the three branches of government, and is well placed to act as the institution that coordinates the formulation and implementation of an integrated national financing framework for sustainable development. Additionally, the National Strategy for the 2030 Agenda and its activities, emphasizes the importance of the mobilization of resources for the SDGs.

Ministry of Finance and Public Credit (SHCP). It leads the Financial Intelligence Unit, the Institute for the Return of Stolen Goods and the Performance Evaluation Unit. It is responsible for generating tax policies as well as managing national budgets. SHCP has led national efforts to align program budgets to the SDGs. It plays a key role in the implementation of the

provisions for preventing and tackling money laundering and the recovery of goods and assets resulting from corruption. In the JP, it would also be responsible for defining and executing a strategy for reinserting assets and target them to priority areas, institutions and sectors for national social development. Also, it has the faculty to introduce amendment proposals to Federal Laws that promote and facilitate the access to financing opportunities for sustainable development projects. In the environmental sector, the Ministry has promoted simplified processes of green financing for local governments through development banks, for the following purposes: renewable energies, sustainable building, energy efficiency, clean transportation, water, waste management and, agriculture, forestry, bioenergy and food supply chain. As of February 2020, the Finance Minister announced the process for placement of a Cat Bond, which will cover risks associated with major natural disasters.

Financial Intelligence Unit (FIU) and Wealth and Economic Intelligence Units (IUHPE). These assist in the investigation and intelligence for preventing and tackling all crimes involving operations with resources of illegal origin, as well as the submission of reports to the Public Prosecutor's Office and the Specialized Prosecutor's Offices for fighting corruption. These Units are relevant for asset recovery efforts and strengthening its mechanisms, methods and strategies for investigating money laundering from proceeds of corruption is one of the core elements of this proposal.

Institute for the Return of Stolen Goods (INDEP). It is responsible for managing goods and unproductive companies for the State, with transparency, efficiency and social responsibility, seeking to contribute to strengthening the rule of law and the Mexican financial system. This institute will contribute to the strategy of assets' reinsertion. UNODC and UNDP will work with this Institute to set up the mechanisms to allocate asset recovery to vulnerable sectors.

Specialized Anti-Corruption Prosecutor's Offices (FECC). These bodies oversee investigating, preventing and prosecuting the crimes of corruption. Their role is to act as the recipient of reports submitted by the Financial Intelligence Unit and any individual, legal entity or public institution that intends to report acts or facts of corruption in national or foreign territory. Together with the specialized Public Prosecutor's Office, they exercise criminal action and the burden of proof to consolidate criminal proceedings for the recovery of assets. The Prosecutor's Office will be responsible at all times for applying international mechanisms, methods, standards and good practices for proper mutual legal assistance in accordance with the national judicial mandate before national and international agencies.

Banco de México (Banxico). The mandate of Banxico is to ensure the stability of the purchasing power of the national currency and to promote the healthy development of the financial system and the proper functioning of payment systems. As a founding member and as part of the Steering Committee of the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), Banco de México has actively participated in setting out an agenda for the analysis and management of climate risks and their potential repercussions on financial stability, as well as on the role of supervisors in providing guidance to market participants. As part of Component 1 Banxico wants to further implement the recommendations of a recent Banxico-UNEP study (Climate and Environmental risks and opportunities in Mexico's Financial System: From Diagnosis to Action).

National Banking and Securities Commission (CNBV). This body is responsible for supervising, authorizing, regulating and sanctioning institutions and entities that comprise the Mexican financial system. It issues prudential regulation and conducts supervision over its supervised entities. For certain sectors the CNBV carries out a AML/CFT supervision. The CNBV manages the risks, threats and vulnerabilities that fall on the commission of financial crimes, irregularities or actions against the law. Its role in the current proposal is to supervise and strengthen the compliance of the Fintech law by the technological financial institutions, to establish criteria and normative standards according to the national laws and the UNCAC for its participation as "Asset Recovery Technology Institution" and to retake and generate good practices for the integration of the FINTECH in the fight against corruption in Mexico in coordination with the financial system. The CNBV is also a member of the Network of Central Banks and Supervisors for Greening the Financial System.

## **International Organizations**

The Stolen Asset Recovery Initiative is a partnership between the World Bank Group and the United Nations Office on Drugs and Crime (UNODC) that supports international efforts to end safe havens for corrupt funds. StAR works with developing countries and financial centers to prevent the laundering of the proceeds of corruption and to facilitate more systematic and timely return of stolen assets. StAR provides a platform for dialogue and collaboration and also facilitates contact among different jurisdictions involved in asset recovery. Since its establishment in 2007, StAR has assisted many countries in developing legal frameworks, institutional expertise, and the skills necessary to trace and return stolen assets. StAR works with global organizations and fora, including the Conference of States Parties to the United Nations Convention against Corruption, the G8, the G20, and the Financial Action Task Force to influence and liaise with policymakers.

## **2. Programme Strategy**

### **2.1. Overall strategy**

This proposal seeks to provide an integrated response to challenges of a national nature as well as the national manifestations of global-level issues. The first step will be to carry out a Development Finance Assessment (DFA) to map financing needs and flows, identify financing and resource gaps, build consensus around strategies to mobilize additional financial and non-financial resources, and strengthen the link between planning and financing. This DFA will pay particular attention to the assessment of climate finance national funds, the identification of barriers to increase fund allocation efficiency and effectiveness, and the identification of new sources of financing, including through asset recovery. An important element of defining the scope of the assessment will be a thorough mapping of existing and currently implemented initiatives, tools and methodologies on sustainable finance. The DFA will follow the general guidelines set out in the Development Finance Assessment Guidebook developed by UNDP—including a strong focus on collaboration and participative formulation of recommendations that contributes to their appropriation—and set the stage for the development of an Integrated National Financing Framework. The DFA roadmap will include critical next steps in order to set the basis for national strategy to outline any necessary normative changes and define an integrated strategy that covers the normative, financial, capacity-building,

articulation and socialization aspects of an Integrated National Financing Framework, including the necessary sequencing of these aspects.

The focus of this financing framework will be on mobilizing additional resources for sustainable development and on optimizing financing to achieve ambitious goals set by both the 2030 Agenda and the current federal administration. This includes additional funds assigned to sustainable development through the federal budget, as well as hybrid financing mechanisms and national and international private sector funding. One of the tools to achieve this will be through the promotion of a financing for development working group within the current 2030 Agenda implementation institutional framework. Initially, the assessment is expected to emphasize issues related to climate risk and stolen asset recovery, this will be further defined during the scoping process. UNDP, as the agency responsible for this component, will leverage its integrator role to provide a coherent UN system and country-level approach to the achievement of the SDGs.

The Mexican federal government has already taken important steps towards this framework, including partnering with UNDP Mexico to define mechanisms to link the budget with the 2030 Agenda and to estimate the amount of budget that contributes to accomplish the SDGs. The Office of the Presidency is currently estimating the cost of reaching the Agenda goals, an essential element to identify financing gaps. The natural next step is to strengthen the coherence of development financing strategies in different branches and levels of government, as well as across sectors. In alignment with the National Strategy for the Implementation of the 2030 Agenda, the JP will facilitate the increase in investment for sustainable development.

The strategy will also enhance domestic asset recovery capacities and translate its results into tangible sustainable development gains for citizens. Beginning with the strengthening of investigative and intelligence-generating mechanisms for the detection of operations with resources of illicit origin and financial crimes, the investigation of corruption crimes that generate illicit profits, the use of new information and communication technologies for the detection and tracing of tangible, non-tangible and virtual assets with Financial Intelligence Units and Specialized Anti-Corruption Prosecutor's Offices at the state and federal levels. On the other hand, the CNBV is expected to create criteria and indicators of compliance so that Financial Technology Institutions (Fintechs), through correspondents, can participate with the country that is requesting the repatriation of assets and with the country that will make the shipment, and encourage them to become the first responders to return those resources to the Mexican financial system, forging synergies between the private and public sectors at the regional or national scope.

One of the main contributions of the UN in this JP will be the promotion of a good international practice for Mexico in terms of recovery of assets and its reintegration, based on the Development Financial Assessment component. Also, the UN will provide the expertise for the design and appropriation of a framework of common tools and capacities for the sector, unifying international best practices and national efforts and progress in the sector. Most importantly, the development of the stress test would represent for Mexico to be, leaving China aside, the first financial regulator of a middle-income country to do a climate change stress test.

The fight against corruption is a key issue in the national and international agenda. The reintegration of illicit assets is one of the priorities of the National Development Plan and the

2030 Agenda for Sustainable Development as well as one of the strategies for mobilizing additional financing for sustainable development that will be explored in depth as part of the Integrated National Financing Framework.

The Green Finance component of this JP enables the financial sector in Mexico to adopt a common framework to internalize climate change risks into different institutions. This will enhance and increase the climate change measures' integration into national policies, strategies and planning. Also, the human and institutional capacity building on climate change mitigation, adaptation, impact reduction and early warning planned in this JP will boost the sector's strategies and common understanding in order to regulate and promote green financing in the country. This component will consider any ongoing efforts, including existing initiatives to integrate stress testing and social and environmental criteria into risk evaluations. UN's added value will be to provide the necessary space and expertise for the design and appropriation of a framework of common tools and capacities for the sector, according to international best practices and considering national efforts in the sector. As per the National Strategy for the Implementation of 2030 Agenda, this component aligns to the identified necessity of ensuring the necessary funding for the actions of mitigation and adaptation to climate change, by promoting the investment in mitigation and adaptation projects and enabling conditions to encourage the transfer of other financial flows (as those from international and private organization) for this purpose.

On a national scope, according to the UN Common Country Assessment on Mexico's progress and main challenges in the different areas of sustainable development, taking into consideration compliance with 2030 Agenda and the SDG, the JP will contribute to "guarantee the necessary resources for the fulfillment of the SDG under a progressive approach in its financing; as well as the incorporation of the participation of multiple actors, besides the governmental ones, to integrate an articulated and shared agenda for the implementation of the SDG under a co-responsibility approach".

This strategy is transformational because it sets the framework to mobilize resources in a concerted way by many different actors and identifies and quantifies the risks that could hinder sustainable development. Since it will produce a roadmap for development financing and strengthen institutions in the public and financial sectors, the results are expected to have an impact beyond the program's specific activities. It differs from conventional approaches in its holistic perspective, and because it seeks to position a topic--Green Finance--on the government's agenda. The expectation is that after the conclusion of the programme, different actors will have a shared resource mobilization strategy that allows their efforts to be complimentary; the financial sector will be strengthened in terms of the capacities, methods and tools that will allow greater investment in Green Finance activities; and government institutions will have the capacities needed to leverage recovered stolen assets to further Mexico's sustainable development.

The Ministry of Finance and linked institutions, as the main counterparts for the implementation of this Joint Program, are expected to sustain and scale the results. The ministry has strong technical capabilities, that indicate their capacity to maintain and bolster the integration of the 2030 Agenda into budgeting processes, aligning the public sector to the recommendations derived from the development finance assessment. The Office of the

Presidency will also be key to the scaling of results, by maintaining the issue of mobilizing resources for sustainable finance on the government's agenda. Financial regulators and Mexico's central bank will be responsible for regulating and supervising commercial institutions in the implementation, operation and reporting of the tools and mechanisms developed in the green finance exercise. The Ministry of Finance through its specialized institutions under its command and the international inputs of this proposal, will strengthen governance in the Mexican financial system, as well as the processes, the regulatory system and the institutional capacities in the recovery and reintegration of assets, having as prospective that in the end the project the guidelines of reintegration of resources generate a minimum change in the percentage of the national GDP, and is in accordance with the National Plan of Development and the 2030 Agenda.

## **2.2 Theory of Change**

Mexico's financial system and financial planning processes remain disconnected from sustainable development, leading to a misallocation of capital, resources, and environmental and social risks. Reaching the goals set by the 2030 Agenda requires countries to go beyond a business-as-usual approach to financing development, increasing the amount of public and private resources allocated to sustainable development, focusing on increasing the financial system's resilience to the most pressing social and environmental risks.

This joint project will strengthen the governance of the Mexican financial system for sustainable development, through a three-pronged strategy. The first stage will be to identify resource gaps by mapping the financial and non-financial resources to implement the SDGs at the national level, followed by supporting the strengthening of coherent development strategies in different branches of government and different sectors.

This process of strengthening coherence will focus specifically on the development of policies, regulations and tools to strengthen the financial system's resilience to environmental and climate risks and on reinforcing the legal and institutional framework, and capacities to identify, recover and integrate assets resulting from corruption into the country's sustainable development priorities. Recommendations derived from this process will be integrated into national budgeting processes.

The next strategy will be to develop policies, regulations and tools to strengthen the financial system resilience to environmental and climate risks. The goal is for financial regulators to conduct stress tests to understand and mainstream the main climate related risks that could affect financial system stability, and develop policies and tools to establish appropriate governance mechanisms at all levels, to act according to environmental and social risks and opportunities.

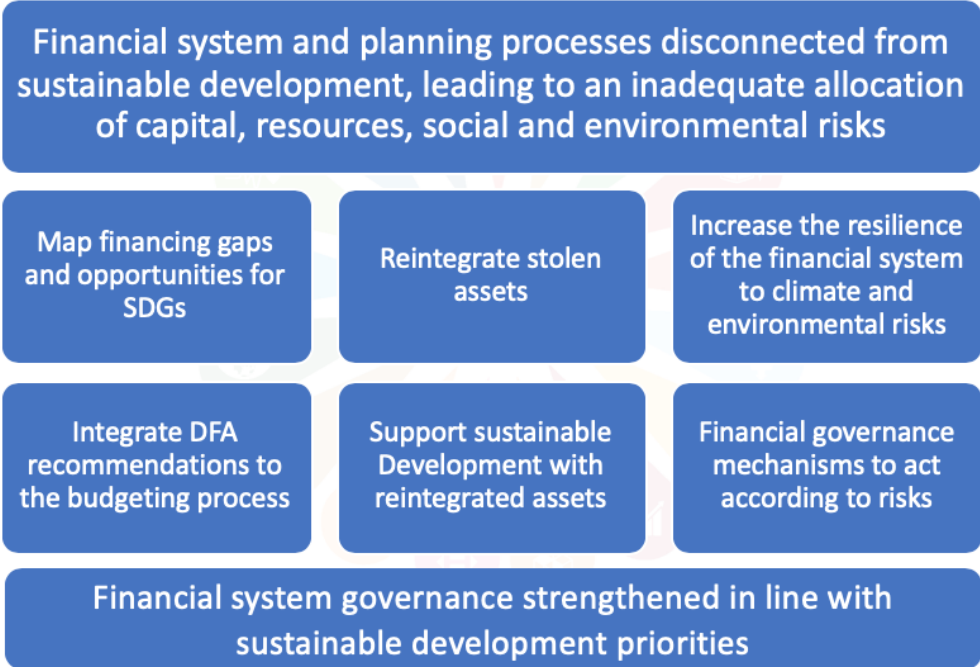
Finally, the project will support the relevant national authorities in reinforcing the legal and institutional framework and capacities to identify, recover and integrate assets resulting from corruption and crimes that derive or link from it, in the country's sustainable development



priorities. These recovered assets will increase the availability of resources for sustainable development.

The successful implementation of the three strategies is based on the following preconditions. First, that national institutions contribute to the identification of gaps and the formulation of recommendations, and willing to implement the roadmap. Second, that financial regulators are willing to integrate emerging risk categories into their macro and micro prudential risk assessments and governance. Finally, that relevant institutions can consolidate their capacities for asset recovery and reintegration.

If UN agencies implement these three strategies to map resources, strengthen the financial system’s resilience, and reinforce the legal and institutional framework, then the governance of the financial system will be better aligned with sustainable development priorities.



**2.3 Expected results by outcome and outputs**

**OUTCOME 1 Additional financing leveraged to accelerate SDG achievement (Joint SDG Fund Outcome 2)**

**OUTPUT 1.1 The national budgeting process takes into account the DFA roadmap.**

The DFA will yield important results on the national financing landscape regarding the available flows, the current financing gaps and the institutional context. The government, by taking into account these results, will be able to enhance the budgeting process, by implementing a holistic and more integrated approach to finance its development priorities. The government will also be able to carry out a results-

oriented budgeting process, with more clarity on the main gaps, that derives on a more efficient and effective resource allocation.

**OUTPUT 1.2 Federal government entities have a shared strategy to mobilize non-public resources for sustainable development.**

Multiple government agencies are involved in identifying financing sources for sustainable development, and are implementing efforts ranging from quantifying the national budget's contribution to the SDGs to costing the implementation of SDGs. Having a shared strategy will ensure that resource mobilization efforts in different agencies are complimentary.

**OUTPUT 1.3 Assets recovery and reintegration enhances sustainable national development and strengthens the fight against corruption.**

Strengthening of institutional and process capacities to recovering, return and integrating assets seized or confiscated, related to corruption and other illegal acts related, the government will increase the availability of flows to address the complex development challenges that are currently faced. The reintegration of assets will represent an uncommon but important financing source for development. The allocation process will be carried out under objective criteria based on the main needs identified through the DFA.

**OUTCOME 2 The Mexican financial system's governance is strengthened in line with sustainable development.**

**OUTPUT 2.1 Financial regulators conduct stress tests to understand and mainstream the main climate related risks that could affect financial system stability.**

These tests will allow banks and regulators to know the resilience of their institutions to the physical and transition risks associated with different possible climate scenarios, and the financial system's exposure more broadly to climate-related risks. By that means precise information will be available for decision and policy making within the financial sector, that may be focused on financing projects that allow mitigation and adaptation to climate change and therefore, to enhance sustainable development.

**OUTPUT 2.2 Financial regulators develop policies and tools to establish appropriate governance mechanisms at all levels, to act according to environmental and social risks and opportunities.**

Along with the stress tests models, common green finance report model and financial mechanism as tools, the guidelines and capacity building provided to different financial supervisors will allow the strengthening of the governance within financial institutions in order to integrate climate change related risks and investment needs into their assessments, products and operating policies.

**OUTPUT 2.3 The relevant institutions are aligned to the international standards on asset recovery and reintegration.**

Institutional capacities on asset recovery and reintegration will be strengthened. The government will be able to reallocate resources to meet sustainable development challenges that face financing gaps.

#### **OUTPUT 2.4 Institutional and regulatory capacities are strengthened for asset recovery and reintegration.**

National norms for asset recovery for sustainable development are strengthened following international best practices.

The strengthening of sustainable national development in Mexico is directly related to combating the phenomena that affect and destabilize society, institutions and the national territory with its components: economic, social, political, climate and financial. Therefore, the strategy is established to detect gaps and vulnerable areas that can be strengthened to mobilize stagnant and non-public resources derived from national risks and threats. Among these risks, the national and international agenda includes the fight against corruption and climate change, which directly affect the structure and financial governance of Mexico. Therefore, it is necessary to strengthen models of detection of funding sources to mobilize resources at all levels, as well as combat corruption and generate resources from their combat, recovering and reintegrating assets in vulnerable areas, institutions or sectors, from: health, education, security and social development. In that sense, consolidate the financial governance structure by acting under a framework of climate accountability , for the climate change risks management, proposing the strengthening of institutional regulation and capacities, fully establishing the idea that initiatives aimed at addressing climatic conditions that harm human development must be framed in a vision of long-term development and under national priorities.

Since 2016, UNDP has been working closely with the Ministry of Finance in several exercises to align the federal budget to the SDGs and to improve the integration of the SDGs into the results-based budgeting and planning processes. In 2017, the Ministry and UNDP produced an analysis matching federal budget programs and the SDGs to which they contribute. Starting with the 2018 federal budget cycle, all ministries have to match their proposed programs to specific SDG and classify their contribution as direct or indirect, based on guidelines produced by the Ministry of Finance. Currently, UNDP is collaborating with this ministry to enhance specific planning tools, such as their results-based budgeting formats. In the context of this project, and building on previous collaborations, the Ministry of Finance will be key to ensuring the successful completion of the development finance assessment and the implementation of the resulting roadmap. The ministry has strong technical capabilities, that indicate their capacity to maintain and bolster the integration of the 2030 Agenda into budgeting processes.

The Office of the Presidency has also been a key actor in implementing the 2030 Agenda. It established a unit responsible for the follow-up of the 2030 Agenda, which also coordinates the work of the National Council for the Implementation of the 2030 Agenda and co-presides a Technical Committee of Experts on the SDGs. This unit is currently carrying out an analysis of the cost of achieving the SDGs in Mexico, which will be a key input for the Development Finance Assessment, and has a strong interest in developing an integrated financing pipeline, as stated in the National Strategy for the Implementation of the 2030 Agenda. In this sense, the expectation for this actor to continue having the same level of interest in activities related to finance for development.

Currently, UNODC through the UNCAC Implementation Review Mechanism has generated recommendations on the implementation and strengthening of the recovery and allocation processes of resources that result from corruption for the consolidation of sustainable

development in Mexico. Both national authorities are developing, strategies and procedures to address asset recovery and its allocation to vulnerable areas and sectors.

Within the framework of this project, these institutions are key partners. Through their functions and competencies, they will be able to build the capacity to prosecute recovery cases, request the repatriation of assets through the support of the financial system and reintegrate them, based on international standards to strengthen sustainable development.

UNEP, on the other hand, has been involved in the alignment of the Mexican financial system to sustainable development for many years. Among the many initiatives which UNEP promotes, the following can be highlighted: the Bank and Investor Risk Policies on Soft Commodities<sup>5</sup> (2015), the Mexican Banking Association (ABM) sustainability Protocol (2016)<sup>6</sup>, Drought Stress Testing (2017)<sup>7</sup>, TCFD Pilot (2018)<sup>8</sup>, Environmental Data Dialogues (2018)<sup>9</sup>, Principles for Responsible Banking (2019)<sup>10</sup> and the Climate and Environmental Risks and Opportunities in Mexico's Financial System: From Diagnosis to Action (2020).

In terms of the context of this programme, Banxico and CNBV will contribute in the data type determination and collection for the different methodologies identified in order to develop the macro stress test, taking in consideration the rules related to confidential data. Additionally, the Ministry of Finance will assess the selection of stress testing methodologies based on current regulatory practices and the incorporation of experience and international cooperation with authorities from other jurisdictions on the subject of stress testing with climate change. All three instances shall be considered along the trials and development of the model according to their needs and legal framework for the use of data. Also, they will be part of the public consultation process for the development of the guidelines for carrying out the stress test. Additionally, these counterparts' participation is expected for the assessment of current taxonomy on green finance, in order to consider the progress they have made on the subject.

This Joint Programme will contribute to leverage the amount of public and private resources allocated for sustainable development, focusing on increasing the financial system's resilience to the most pressing social and environmental risks; by the identification of the financial gaps; the formulation of strategies and tools to integrate emerging risk categories into macro and micro prudential risk assessments and into the governance of the central bank and financial regulators; and by consolidating institutional capacities for asset recovery and reintegration.

By carrying out a development finance assessment and supporting the formulation of an integrated national resource mobilization strategy, the program will strengthen policy coherence for sustainable development (target 17.14).

It is expected that according to the Joint Program, the institutional and regulatory capacities will be consolidated to reduce illicit flows, strengthen asset recovery and reduce corruption in all its forms. The promotion and enforcement of non-discriminatory laws and policies will be

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<sup>5</sup> [Bank and Investor Risk Policies on Soft Commodities: A framework to evaluate deforestation and forest degradation risk in the agricultural value chain](#)

<sup>6</sup> [Protocolo de Sustentabilidad de la Banca](#)

<sup>7</sup> [Drought Stress Testing Making Financial Institutions More Resilient to Environmental Risks](#)

<sup>8</sup> [Pilot Project on Implementing the TCFD Recommendations for Banks](#)

<sup>9</sup> [Environmental Data Dialogues in Mexico](#)

<sup>10</sup> [Principles for Responsible Banking](#)

crucial for the construction of environments that allow for inclusive decision-making to reintegrate the assets that result from corruption. The asset reintegration criteria that will be applied will prioritize gender equality, to provide women with equal opportunities, whether at the institutional level, society or from various sectors (Targets 5. a, 16.4 and 16.7)

By enhancing capacity building and providing tools to the central bank and financial regulators, this JP will integrate climate change measures into the planning and policies within financial public institutions (target 13.2). In addition, the tools and training provided will represent an improvement to their institutional capacity on climate change mitigation, adaptation and impact reduction (target 13.3.)

In line with adequately integrating social and environmental risks into financial regulations, this Joint Program will prioritize the gender dimensions of vulnerability to environmental risks and, where relevant, ensure women's access to land and resources. The criteria for reintegrating recovered assets will prioritize gender equality (Target 5.a).

International cooperation is essential for the implementation of this Joint Program. In this sense, it is expected that international partnerships will be fostered in order to recover the assets linked to corruption and held in other countries. The sharing of knowledge and institutional capacities with foreign national authorities will be enhanced and could lead to collaboration in other areas of common interest.

By 2022, this JP is expected to contribute to the increase the amount of public and private resources allocated for sustainable development, focusing on increasing the financial system resilience to the most pressing social and environmental risks, identified through the Development Finance Assessment.

Specifically, by 2022 it is intended that in the financial sector, the regulatory institutions will be equipped with the necessary tools and skills to evaluate climate related risks and activities in their project and policies portfolio. Also, the permeability of climate change in their in-house governance will allow a more efficient and effective use of the reallocated resources, by improving the selection of investment projects. Stress tests developed by the aforementioned institutions as result of the JP serve as the main tool for long term strategic risk management. As previously mentioned, the development of this tool will represent for Mexico to be the first financial regulator of a middle-income country to do a climate change stress test. The investigation and development of a taxonomy in green finance in Mexico will be enhanced with tools like the common green finance report and the structured financial mechanism.

The programme will assist the fight against corruption as one of the most important goals on the national and international agendas. This will be done through the recovery of assets and goods that derive from corruption crimes, as well as their administration and reintegration under harmonized criteria and guidelines that focus them directly to the areas, sectors or institutions of greatest need at the national level.

With the technical assistance of the StAR initiative, it is foreseen that by 2022, a National Strategy on Asset Recovery will be drafted in close coordination with all relevant authorities including those in charge of investigating, generating intelligence and managing the resources recovered. They will be able to strengthen capacities on asset recovery aiming contribute to the priorities of the National Development Plan and the 2030 Agenda.

The development finance assessment will place special emphasis on identifying the financing flows currently directed towards achieving gender equality, including those specifically targeted at SDG 5, as well as those aligned with other SDGs but with a gender dimension. According to data from 2019, in Mexico, the representation of women on executive committees in major financial services firms is 13%, which represents an increase of 7 percentage points compared to 2016. Nevertheless, this percentage is still under the global average (20%) (Oliver Wyman, 2020). Also, data from ILO states that more women are obtaining a bachelor's degree at the country's universities each year, yet only 6 percent of the seats on corporate boards of directors are held by women. Among recent efforts is the reform of the Law on Credit Institutions to determine that the board of directors of the development banking sector should be integrated on a parity basis, while designating 20 percent of resources to programmes that address the specific needs of women.

The enhancement of women's participation in the financial sector, especially as part of board committees will be a specific activity for the design and implementation of the workshops aimed to update assessment policies and redefinition of board competencies. Climate change has a special impact on women, because their unequal participation in decision-making processes and inequalities in labour markets that prevent women from fully contributing to climate-related planning, policy-making and implementation. Also, they have an important role in response to climate change due to their local knowledge of and leadership in sustainable resource management and/or leading sustainable practices at the household and community level<sup>11</sup>. Given this, it is expected that their participation in the decision making of the sector implies a better understanding and selection of projects and investments that improve their economic conditions, as well as their possibilities to mitigate and adapt to climate change.

## **2.4 Budget and value for money**

The activities proposed in this joint program are foundational elements of an integrated finance framework for development. In this sense, the resources invested will not only lead to the outcomes and results outlined in the theory of change, but also frame a strategy that can give coherence to financing decisions across sectors in the future. The proposal also builds on existing efforts to align the federal budget to the 2030 Agenda and determine the cost of the achievement of the SDGs, among others. It therefore complements and takes advantage of existing investments by the federal government and international cooperation agencies. Preliminarily, the GIZ has expressed interest in a potential collaboration on some components of this proposal, based on their existing know-how on financing for development.

## **2.5 Partnerships and stakeholder engagement**

### **Government leadership and participation**

The Office of the Presidency will be the main government counterpart for the implementation of this Joint Program. They were an active part of a consultation workshop held on February 12 2020 and will continue to participate in the program's strategic definition. Aside from being the coordinators of the 2030 Agenda implementation, it is envisaged to have a strong participation by SHCP since they lead the federal budgeting process, they produce the regulations and tools that other ministries use in their financial planning and program development. The Office of the Presidency will provide key insights into the coordination of activities currently directed towards the fulfillment of the 2030 Agenda.

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<sup>11</sup> [Introduction to Gender and Climate Change](#)

Also, for the purpose of the participatory development of the concept note, representatives from Banxico, FIU, FGR, CNBV, INDEP and GIZ attended the aforementioned workshop.

Banxico and CNBV will contribute in the collection of data required for the different methodologies identified in order to develop the macro stress test, and along with the SHCP they will: assess the selection of methodologies based on current regulatory practices; participate in the testing of the model; be part of the public consultation process for the development of the guidelines for commercial banks to develop their tests and will be active partners for the assessment of current taxonomy on green finance. CNBV will also be involved in the creation of criteria and indicators of compliance so that FinTech, through agents, can collaborate with the countries that request the return of assets considering providing assistance to those who will be accountable for the shipment, and encourage them to become the first responders to return those resources to the Mexican financial system, forging synergies between the private and public sectors at the regional level if the assets are abroad, or at the national level if they are within the jurisdiction.

The General Attorney Office through the Specialized Anti-Corruption Prosecutor's will participate in the design and strengthening of the National Strategy on Asset Recovery of those resources which result from corruption. As mentioned, their participation is extremely valuable, as they have delivered significant progress in developing capacities on asset recovery.

State Financial Intelligence Units and State Specialized Anti-Corruption Prosecutor's Offices will be part of the strategy for the strengthening of investigative and intelligence-generating mechanisms for the detection of illegal assets and flows.

Within the framework of this project, these institutions are key partners, through their functions and competencies, will be able to prosecute recovery cases, request the return of assets through the support of the financial system and reintegrate them, based on international best practices.

### **The PUNOs and UNCTs' contribution**

The PUNOs will have a coordination role, especially through providing personnel, equipment and management between different partners and institutions in order to provide the financial guidelines and models, governance mechanism and tools; high level assessment according to international best practices; fostering dialogues between national government institutions and civil society organizations; coordinate along government institutions public consultation processes; broadening the impact of stakeholder's strategies and related initiatives through the implementation of the joint programme; and enhancing the regulatory and financial systems to international standards on climate risks and eradication of corruption.

### **Stakeholders' participation and other partners**

GIZ has interest in co financing some components of this proposal and in collaborating with PUNOs with their progress in their related initiatives. The World Bank Group, together with UNODC, will coordinate their efforts so that through the StAR Initiative, they participate with activities focused on strengthening the governance of the Mexican financial system.

## **Pool and mobilization of expertise from across the UNDS**

As mentioned, the UNODC has been working with the General Attorney and the INDEP initially through different technical meetings and working groups to begin to learn about the diagnosis of the current situation and exchange information on institutional processes for the implementation and strengthening in the resources designation result from corruption and related illegal activities. In the context of this project, UNODC will facilitate dialogues and capacity building for the adoption of best practices for Mexico in terms of recovery and reintegration of assets as a fight against corruption.

Given the analysis done between SHCP and UNDP to match the federal budget programs and the SDGs to which they contribute and the further mandatory matching and classification of contributions from the other ministries, UNDP will collaborate in the design of tools, specific sector diagnoses and capacity building to align the investment into the targeted gaps.

Finally, UNEP will provide the best international expertise on green finance, as well as the assessment of data, design, institutional coordination, testing and issuance of tools (macro climate stress test, green finance report model, governance scheme for a financial mechanism) to the central bank and financial regulators.

## **SDG Fund donor's engagement**

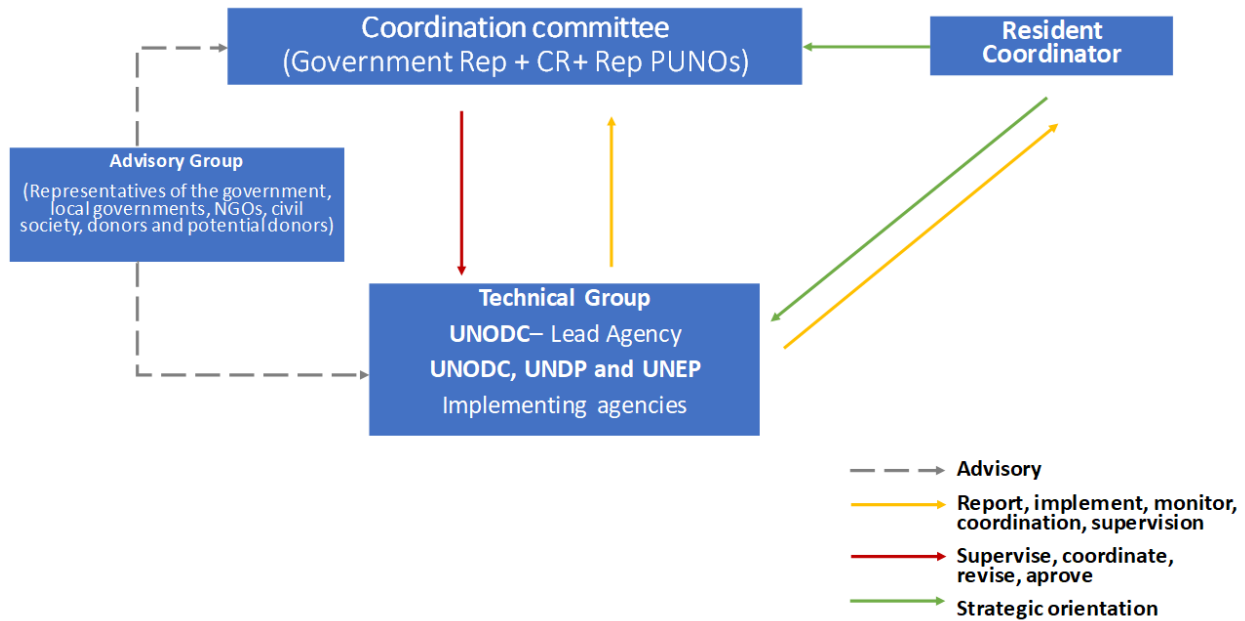
Three of the SDG Fund donors--the European Commission, the United States through the United States Agency for International Development (USAID) and the United Kingdom through the Department for International Development (DFID)--have a strong presence in Mexico. The UK's Prosperity Fund has important lines of action in financial services and fighting corruption, which makes them important allies for the financial assessment and asset recovery strategies of the JP. Both the European Commission and USAID work on issues linked to corruption, and may be consulted in relation to the asset recovery strategies.

## **3. Programme implementation**

### **3.1 Governance and implementation arrangements**

The following chart represents the governance arrangements, as well as the main mechanisms and players that will participate:





- **Coordination Committee.** As the highest decision-making Committee, members will include the Resident UN Coordinator, the Representatives of the participating United Nations agencies, and the representation of the Government. It is the authority in charge of guiding and overseeing the implementation of the programme, in line with the country's priorities. Its duties includes: approval of annual work plans, review of results, and adjustment of the implementation configuration; review and approval of the periodical and annual narrative reports; approval of programmatic or budgetary reviews; among others.
- **Technical Group.** Members will be one technical representative of each of the PUNOs, a Representative of the UN RC Office, and the technical coordinator. Its main duty is to guarantee a programmatic coherence, integrality, and quality of the joint programme, as well as to provide specialized advice to achieve such objectives. It takes operational decisions to implement the contents of the Project Document, the workplan of the JP and decisions of the Coordination Committee. Their duties will be: 1) to provide support to the technical coordination and ensure coherence; 2) to provide technical contributions to the implementation, management, and development of the strategies as planned; 3) to coordinate joint monitoring and evaluation, communication and learning and sharing; 4) to carry out the preparation and submission of reports referring to the programme in Mexico; 5) to facilitate the formulation of partnerships when needed; 6) to establish all coordination tools needed to ensure synergies among PUNOs regarding the implementation of the programme in the country, and 7) guarantee communication and coordinated work with the RC Office.
- **Advisory Group.** Will include Government representatives, Civil Society organizations, and donors. Institutions relevant for the implementation of the programme can be occasionally invited. Its function is to provide advice on the implementation of the strategy, in line with the country's priorities. It is expected that the Advisory Group: 1) Provides recommendations on the strategic direction on policy issues at the national/local levels; 2) Will partner in high-level advocacy and communication activities as well as in

political dialogue; (3) Support efforts to disseminate the messages to the public; 4) Provide advice on priorities at country/regional levels and on-going interventions and recommendations for up-scaling achievements and addressing challenges; 5) Serve as an interactive space and open forum for dialogue and learning; 6) Provide any other relevant information, analysis and lessons learned that could feed into the future programming and advocacy efforts; 7) Informally monitor the implementation of programming, and provide feedback to the Programme. The Advisory group will meet quarterly and the meeting will be organized by the technical group.

- **UN Resident Coordinator.** Represents the general leadership for the Joint Programme in the country. His duties are to provide political and strategic leadership, as well as a general oversight of the programme implementation; facilitating the meeting and collaboration between UN agencies, the host government, among others.
- **PUNOs.** The selected UN agencies are in charge of jointly collaborating to achieve the strategic results agreed on the basis of the national and local priorities. It is worth noting that the budget proposal encompasses the allocation of resources for leading and implementing agencies to adequately perform their relevant role and comply with the entrusted responsibilities.
- **Lead Agency:** is in charge of the coordination and leadership; ensuring coordination between implementing agencies; monitoring results and progress; coordinates the drafting of programmatic and financial progress reports; and oversees the execution of funds. UNODC will be the lead agency until the programme expiration.
- **Implementing Agencies:** these are agencies that receive funds and execute specific activities. They are in charge of the adequate execution of the funds and activities; of the scope and monitoring of entrusted resources; of the direct management of processes and counterparts to achieve the planned results; and of reporting programmatic and financial progress and any other information required by the lead agency and the Technical Group. UNODC, UNDP and UNEP are the agencies that will be implementing the programme. Additionally, UNODC will be responsible for the monitoring and reporting, as well as the programme's communication plan. UNDP will contract a consultancy at the end of the JP to organize the independent evaluation of results.
- **Resident Coordination Office:** ensures an adequate communication and coordination with interagency groups (Agenda 2030, Gender, among others) to support and facilitate the implementation of the programme.

### **3.2 Monitoring, reporting, and evaluation**

Reporting on the Joint SDG Fund will be results-oriented, and evidence based. Each PUNO will provide the Convening/Lead Agent with the following narrative reports prepared in accordance with instructions and templates developed by the Joint SDG Fund Secretariat:

- *Annual narrative progress reports*, to be provided no later than one (1) month (31 January) after the end of the calendar year, and must include the result matrix, updated risk log, and anticipated expenditures and results for the next 12-month funding period;

- *Mid-term progress review report* to be submitted halfway through the implementation of Joint Programme<sup>12</sup>; and
- *Final consolidated narrative report*, after the completion of the joint programme, to be provided no later than two (2) months after the operational closure of the activities of the joint programme.

The Convening/Lead Agent will compile the narrative reports of PUNOs and submit a consolidated report to the Joint SDG Fund Secretariat, through the Resident Coordinator.

The Resident Coordinator will be required to monitor the implementation of the joint programme, with the involvement of Joint SDG Fund Secretariat to which it must submit data and information when requested. As a minimum, joint programmes will prepare, and submit to the Joint SDG Fund Secretariat, 6-month monitoring updates. Additional insights (such as policy papers, value for money analysis, case studies, infographics, blogs) might need to be provided, per request of the Joint SDG Fund Secretariat. Joint programme will allocate resources for monitoring and evaluation in the budget.

Data for all indicators of the results framework will be shared with the Fund Secretariat on a regular basis, in order to allow the Fund Secretariat to aggregate results at the global level and integrate findings into reporting on progress of the Joint SDG Fund.

PUNOs will be required to include information on complementary funding received from other sources (both UN cost sharing, and external sources of funding) for the activities supported by the Fund, including in kind contributions and/or South-South Cooperation initiatives, in the reporting done throughout the year.

PUNOs at Headquarters level shall provide the Administrative Agent with the following statements and reports prepared in accordance with its accounting and reporting procedures, consolidate the financial reports, as follows:

- Annual financial reports as of 31st December each year with respect to the funds disbursed to it from the Joint SDG Fund Account, to be provided no later than four months after the end of the applicable reporting period; and
- A final financial report, after the completion of the activities financed by the Joint SDG Fund and including the final year of the activities, to be provided no later than 30 April of the year following the operational closing of the project activities.

In addition, regular updates on financial delivery might need to be provided, per request of the Fund Secretariat.

After completion of a joint programmes, a final, *independent and gender-responsive*<sup>13</sup> *evaluation* will be organized by the Resident Coordinator. The cost needs to be budgeted, and in case there are no remaining funds at the end of the joint programme, it will be the responsibility of PUNOs to pay for the final, independent evaluation from their own resources.

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<sup>12</sup> This will be the basis for release of funding for the second year of implementation.

<sup>13</sup> [How to manage a gender responsive evaluation, Evaluation handbook](#), UN Women, 2015

The joint programme will be subjected to a joint final independent evaluation. It will be managed jointly by PUNOs as per established process for independent evaluations, including the use of a joint evaluation steering group and dedicated evaluation managers not involved in the implementation of the joint programme. The evaluations will follow the United Nations Evaluation Group's (UNEG) Norms and Standards for Evaluation in the UN System, using the guidance on [Joint Evaluation and relevant UNDG guidance on evaluations](#). The management and implementation of the joint evaluation will have due regard to the evaluation policies of PUNOs to ensure the requirements of those policies are met and the evaluation is conducted with use of appropriate guidance from PUNOs on joint evaluation. The evaluation process will be participative and will involve all relevant programme's stakeholders and partners. Evaluation results will be disseminated amongst government, development partners, civil society, and other stakeholders. A joint management response will be produced upon completion of the evaluation process and made publicly available on the evaluation platforms or similar of PUNOs.

### **3.3 Accountability, financial management, and public disclosure**

The Joint Programme will be using a pass-through fund management modality where UNDP Multi-Partner Trust Fund Office will act as the Administrative Agent (AA) under which the funds will be channeled for the Joint Programme through the AA. Each Participating UN Organization receiving funds through the pass-through has signed a standard Memorandum of Understanding with the AA.

Each Participating UN Organization (PUNO) shall assume full programmatic and financial accountability for the funds disbursed to it by the Administrative Agent of the Joint SDG Fund (Multi-Partner Trust Fund Office). Such funds will be administered by each UN Agency, Fund, and Programme in accordance with its own regulations, rules, directives and procedures. Each PUNO shall establish a separate ledger account for the receipt and administration of the funds disbursed to it by the Administrative Agent.

Indirect costs of the Participating Organizations recovered through programme support costs will be 7%. All other costs incurred by each PUNO in carrying out the activities for which it is responsible under the Fund will be recovered as direct costs.

Funding by the Joint SDG Fund will be provided on annual basis, upon successful performance of the joint programme.

Procedures on financial transfers, extensions, financial and operational closure, and related administrative issues are stipulated in the Operational Guidance of the Joint SDG Fund.

PUNOs and partners must comply with Joint SDG Fund brand guidelines, which includes information on donor visibility requirements.

Each PUNO will take appropriate measures to publicize the Joint SDG Fund and give due credit to the other PUNOs. All related publicity material, official notices, reports and publications, provided to the press or Fund beneficiaries, will acknowledge the role of the host Government, donors, PUNOs, the Administrative Agent, and any other relevant entities. In particular, the Administrative Agent will include and ensure due recognition of the role of each Participating Organization and partners in all external communications related to the Joint SDG Fund.

### **3.4 Legal context**

<b>Agency name</b>	<b>Agreement title</b>	<b>Agreement date</b>
UNS	United Nations Development Assistance Framework	March 13, 2013
United Nations Development System	United Nations Sustainable Development Cooperation Framework 2020-2025	To be confirmed
United Nations Development Programme	Standard Basic Framework Agreement	February 23, 1961
United Nations Development Programme	Consolidation of the Special Fund and the Expanded Programme of Technical Assistance in a	November 22, 1965
United Nations Development Programme	Acuerdo Marco de Colaboración entre el PNUD y el Gobierno de México	September 13, 2011
United Nations Development Programme	Country Programme Document Mexico	September 13, 2013
United Nations Office on Drugs and Crime	Agreement between the Government of the United Mexican States and the United Nations Office on Drugs and Crime concerning the establishment of a Regional Office in Mexico	April 2, 2003
United Nations Office on Drugs and Crime	Agreement between the United Nations Office on Drugs and Crime and the Government of the United Mexican States regarding the Modalities of Cooperation of its Regional Office in Mexico	June 24, 2008
United Nations Environmental Programme	Memorandum of Understanding between the Government of the United Mexican States and the	May 16, 2011

	United Nations Environmental Programme concerning the establishment of a National Office in Mexico	
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## D. ANNEXES OF THE JOINT PROGRAMME TEMPLATE

### Annex 1. List of related initiatives

Name of initiative/project	Key expected results	Links to the joint programme	Lead organization	Other partners	Budget and funding source	Contract person (name and email)
Costing the implementation of the 2030 Agenda.	A cost estimate of the actions needed to reach the SDG targets in Mexico.	The cost estimate will be a key input for the DFA, particularly for identifying financing gaps.	Office of the Presidency	GIZ	NA	Gemma Santana (OPR), <a href="mailto:gemma.santana@presidencia.gob.mx">gemma.santana@presidencia.gob.mx</a> Alejandro Manríquez (GIZ), <a href="mailto:alejandromanriquez@giz.de">alejandromanriquez@giz.de</a>
Budgetary program support for SDGs	Quantify the contribution of federal budget programs to the achievement of SDG targets in Mexico.	These estimates will be key in defining where the most investment from non-public sources is needed.	Ministry of Finance		NA	José Francisco Pérez, <a href="mailto:jose_perez@hacienda.gob.mx">jose_perez@hacienda.gob.mx</a>
Voluntary reporting standards.	Institutions regulated by the CNBV to consider adoption of voluntary reporting standards.	Homogenized reporting will facilitate quantifying the financial sector's contribution to sustainable development	National Banking Commission	Banxico	NA	Vanessa Veintimilla <a href="mailto:dveintimilla@cnbv.gob.mx">dveintimilla@cnbv.gob.mx</a> Rafael del Villar <a href="mailto:rvillar@banxico.org.mx">rvillar@banxico.org.mx</a> Ernesto Infante Barbosa <a href="mailto:einfante@banxico.org.mx">einfante@banxico.org.mx</a>
NorDraft regulation for asset recovery and reintegration	Processes and protocols for assets recovery and reintegration from FGR, UIF and INDEP will be aligned and strengthened following best practices and international mechanisms from UNODC and StAR	It will contribute directly to fight corruption, asset recovery and reintegration for sustainable development	Institute for the Return of Stolen Goods	Financial Intelligence Unit and Specialized Prosecutor's Offices in the Fight against Corruption	NA	Ricardo Rodríguez Vargas <a href="mailto:rrodriguez@sae.gob.mx">rrodriguez@sae.gob.mx</a> María de la Luz Mijangos Borja <a href="mailto:luz.mijangosborja@pgr.gob.mx">luz.mijangosborja@pgr.gob.mx</a> Carla Humphrey <a href="mailto:carla_humphrey@hacienda.gob.mx">carla_humphrey@hacienda.gob.mx</a>

Institutional and operational strengthening for asset recovery and reintegration	Specialized training program, international tools, information exchange mechanisms and use of technology for asset recovery and reintegration	Inter-institutional coordination and cooperation mechanism was established, as well as specialized capacities for asset recovery and reintegration	Institute for the Return of Stolen Goods	Financial Intelligence Unit and Specialized Prosecutor's Offices in the Fight against Corruption	NA	Ricardo Rodríguez Vargas <a href="mailto:rrodriguez@sae.gob.mx">rrodriguez@sae.gob.mx</a> María de la Luz Mijangos Borja <a href="mailto:luz.mijangosborja@pgr.gob.mx">luz.mijangosborja@pgr.gob.mx</a> Carla Humphrey <a href="mailto:carla_humphrey@hacienda.gob.mx">carla_humphrey@hacienda.gob.mx</a>
Principles of MX Green Bonds	Generate common standards to guide the process of structure for Green Bond issuers in the Mexican market, while providing certainty to investors about profit expected environmental impact of the investments funded with the resources of the issue	It promotes the dialogue on how to boost the financing of green projects in our country, focusing on market practices, regulations and/or investment mandates that influence the creation of incentives to boost market development	Green Finance Advisory Council (CCFV)	Banco de México (Banxico)	NA	Rafael del Villar <a href="mailto:rvillar@banxico.org.mx">rvillar@banxico.org.mx</a> Pablo César Vázquez Espinal <a href="mailto:pvcvazquez@banxico.org.mx">pvcvazquez@banxico.org.mx</a>
Carbon market in Mexico	Creation of a market simulator that seeks to prepare the country to have a real market that encourages the reduction of polluting emissions	Determination of the rules of operation of a green market in Mexico.	BMV; Mexican Carbon Platform	SEMARNAT, INECC, CONAFOR, UNEP, SIF ICAP & Embassy of the United Kingdom in Mexico.	NA	<a href="mailto:contacto@mexico2.com.mx">contacto@mexico2.com.mx</a>

## Annex 2. Results Framework

### 2.1. Targets for Joint SDG Fund Results Framework

*Set targets in the tables below, if relevant*

**Joint SDG Fund Outcome 2:** Additional financing leveraged to accelerate SDG achievement



Indicators	Targets	
	2021	2022
2.1: Ratio of financing for integrated multi-sectoral solutions leveraged in terms of scope <sup>14</sup>	2	11

### Indicator 2.1

Baseline 11

Target 24

By the end of year 1, the programme will have developed and delivered a climate change macroprudential stress test for the financial regulators (1) and have developed and delivered the "Strategy for regulatory and institutional strengthening for the recovery and reintegration of assets" (2).

By the end of year 2, the programme will have a policy strategy specifically to mobilize resources for sustainable development (3) have conducted a public consultation process (4) for the establishment of guidelines for the development of the climate change macro stress test for financial institutions. Also, in this second year the guidelines will be delivered (5), as well as the enhancement of directive board capacities of the mentioned institutions (6), along with Green finance common reporting guidelines (7) and the governance structure of a financial mechanism (8); additionally, the program will have a coordinated asset recovery and re-integration strategy, (9) a national diagnosis for the recovery and designation of assets resulting from corruption, (10) as well as specialized training in investigation, exchange of information and good practices in asset recovery, (11) the strengthening of the Social Cabinet through INDEP to strengthen regulation in the administration and reintegration of assets for purpose of social and sustainable development and finally (12) the consolidation of techniques, operational and specialized capacities in the assets recovery through guides and guidelines on the matter to (13) compliance the international recommendations with technical assistance from the StAR and UNODC initiative.

### Joint SDG Fund Output 4: Integrated financing strategies for accelerating SDG progress implemented

Indicators	Targets	
	2021	2022
4.3: # of functioning partnership frameworks for integrated financing strategies to accelerate progress on SDGs made operational	0	1

<sup>14</sup>Additional resources mobilized for other/ additional sector/s or through new sources/means

### Indicator 4.3

Baseline 0

Target 1

By the end of year 2, the programme will have established a working group within the National Council for the 2030 Agenda, specifically to mobilize resources for sustainable development (1)

#### Joint SDG Fund Operational Performance Indicators

- Level of coherence of UN in implementing programme country<sup>15</sup>
- Reduced transaction costs for the participating UN agencies in interaction with national/regional and local authorities and/or public entities compared to other joint programmes in the country in question
- Annual % of financial delivery
- Joint programme operationally closed within original end date
- Joint programme financially closed 18 months after their operational closure
- Joint programme facilitated engagement with diverse stakeholders (e.g. parliamentarians, civil society, IFIs, bilateral/multilateral actor, private sector)
- Joint programme included addressing inequalities (QCPR) and the principle of “Leaving No One Behind”
- Joint programme featured gender results at the outcome level
- Joint programme undertook or draw upon relevant human rights analysis, and have developed or implemented a strategy to address human rights issues
- Joint programme planned for and can demonstrate positive results/effects for youth
- Joint programme considered the needs of persons with disabilities
- Joint programme made use of risk analysis in programme planning
- Joint programme conducted do-no-harm / due diligence and were designed to take into consideration opportunities in the areas of the environment and climate change

### 2.2. Joint programme Results framework

*Complete the table below – add rows as needed.*

Result / Indicators	Baseline	2020 Target	2021 Target	Means of Verification	Responsible partner
<b>Outcome 1 Additional financing leveraged to accelerate SDG achievement (Joint SDG Fund Outcome 2)</b>					

<sup>15</sup> Annual survey will provide qualitative information towards this indicator.

Outcome 1 indicator Number of tools, guides and means, for the mobilization of resources.	11	1	6	Federal Official Gazette, Reports	UNDP UNEP UNODC
Outcome 1 indicator Percentage increase in the resources dedicated to SDG achievement	To be defined		5%	Joint program outputs and federal budget	UNDP
<b>OUTPUT 1.1 The national budgeting process takes into account the DFA roadmap.</b>					
Output 1.1 indicator SHCP is an active participant in the formulation of the DFA roadmap recommendations, and validates the relevance of recommendations	0	1	NA	Participation in DFA workshops Letter of approval from SHCP	UNDP
Output 1.1 indicator Number of DFA recommendations are relevant in the integration of the federal budget proposal (prepared for SHCP for approval by Congress).	0	2	3	Review of the federal budget proposal	UNDP
<b>OUTPUT 1.2 Federal government entities have a shared strategy to mobilize non-public resources for sustainable development.</b>					
Output 1.2 indicator Number of workshops to formulate the national resource mobilization strategy include actors from multiple government agencies.	0	6	NA	Workshop attendance sheets	UNDP

Output 1.2 indicator The national strategy identifies specific responsibilities for the mobilization of additional funding sources	0	1	NA	Review of the national resource mobilization strategy	UNDP
<b>OUTPUT 1.3 Assets recovery and reintegration enhances sustainable national development and strengthens the fight against corruption.</b>					
Output 1.3 indicator Diagnosis on asset recovery and reintegration	0	1	NA	Institutional, procedural and regulatory diagnosis of asset recovery and reintegration	UNODC
Output 1.3 indicator Qualitative and quantitative analysis of asset recovery	0	0	1	Findings document	UNODC
Output 1.3 indicator Number of capacity building activities	0	1	1	Reports of capacity building activities	UNODC
Output 1.3 indicator Draft national strategy for asset recovery	0	1	1	Draft national strategy	UNODC
<b>Outcome 2. The Mexican financial system's governance is strengthened in line with sustainable development.</b>					
Outcome 2 indicator Number of strategies, tools and procedures delivered to financial institutions in order to strength their governance.	0	8	12	To be defined according to each output below.	UNEP and UNODC
Outcome 2 indicator Number of people in board directions and decision making	To be defined	At least 50	At least 100	Joint programme official reports	UNEP & UNODC

positions within the financial sector reached					
<b>OUTPUT 2.1 Financial regulators conduct stress tests to understand and mainstream the main climate related risks that could affect financial system stability.</b>					
Number of best practices and methodologies for performing a climate change stress test collected	0	1	0	Reported as part of the results of the international workshop and inputs for the construction of the model.	UNEP
Number of macro climate change stress test performed.	0	1	0	Financial system climate change stress test result disclosure by financial regulators	UNEP
<b>OUTPUT 2.2 Financial regulators develop policies and tools to establish appropriate governance mechanisms at all levels, to act according to environmental and social risks and opportunities.</b>					
Number of stress-test guidelines with respect to climate-related and environmental risks in a consistent manner across the different financial supervisors, including forward-looking scenarios that should be considered by financial institutions in their risk assessment.	0	0	1	Issuance and publication of guidelines	UNEP
Number of workshops delivered to financial institutions	0	0	3	Report on principal findings and results of the workshops Issuance of supervisory expectations to	UNEP

				boards of directors of financial institutions on setting up institutional competencies to oversee environmental opportunities and risks	
Number of workshops that include capacity building on gender issues related to greater participation of women in decision making bodies of the Mexican financial sector	0	0	3	Report on principal findings and results of the workshop Issuance of supervisory expectations to boards of directors of financial institutions on setting up institutional competencies to enhance women participation in the decision making boards	UNEP
Number of Green finance reporting guidelines issued by regulatory institutions	0	0	1	Workshop for presentation of green finance reporting guidelines. Letter of endorsement from Government Issuance of supervisory	UNEP

				expectations to financial institutions on reporting green financed portfolios.	
Green fund governance report	0	0	1	Letter of endorsement from government	UNEP
<b>OUTPUT 2.3 The relevant institutions are aligned to the international standards on asset recovery and reintegration.</b>					
Comprehensive legal analysis of the recommendations from the second cycle of review and international best practices from different jurisdictions that are more advanced on the subject.	0	1	1	Recommendations analysis report regarding recovery and reintegration of assets	UNODC
Workshop with different national and regional actors to forge strategic alliances and collect good practices on asset recovery and returns	0	1	1	Workshop attendance sheets	UNODC
<b>OUTPUT 2.4 Institutional and regulatory capacities are strengthened at all levels for asset recovery and reintegration.</b>					
Scoping missions/sessions to engage with relevant stakeholders	0	1	2	Minutes	UNODC
Specialized training program in asset recovery and returns with national and international experts.	0	1	1	Training attendance sheets	UNODC

Training workshop on different topics related with asset recovery and returns	0	1	1	Workshop attendance sheets	UNODC
Developed (first draft) national strategy on asset recovery to review and comments	0	0	1	National strategy on asset recovery drafted	UNODC

### Annex 3. Gender marker matrix

<b>Indicator</b>		<b>Score</b>	<b>Findings and Explanation</b>	<b>Evidence or Means of Verification</b>
<i>N°</i>	<i>Formulation</i>			
1.1	Context analysis integrate gender analysis	<b>1</b>	The problem statement focuses on an institutional diagnosis, which is the most relevant topic in the context of the proposal. Since the unit of analysis is the institution and its policies, there is no sex-disaggregated data in many cases. When relevant, sex-disaggregated data has been added.	
1.2	Gender Equality mainstreamed in proposed outputs	<b>1</b>	In line with adequately integrating social and environmental risks into financial regulations, the JP will prioritize the gender dimensions of vulnerability to environmental risks and, where relevant, ensure women's access to land and resources. The criteria for reintegrating recovered assets will prioritize gender equality (Target 5.a).	<ul style="list-style-type: none"> <li>- Guidance produced by regulators as part of the JP</li> <li>- Plan for reintegrating recovered assets</li> </ul>



1.3	Programme output indicators measure changes on gender equality	<b>0</b>	The indicators are focused on regulation produced and implemented in the context of this program.	
2.1	PUNO collaborate and engage with Government on gender equality and the empowerment of women	<b>1</b>	The Ministry of Public Finance is a key actor in the implementation of the Joint Fund. Since 2008, based on regulation provided by this ministry, the federal budget establishes an obligation for all federal ministries to mainstream gender equality in the design, implementation, monitoring and evaluation of all federal programs.	Minutes and lists of workshops and other participatory mechanisms.
2.2	PUNO collaborate and engages with women's/gender equality CSOs	<b>0</b>	So far, the consultation phase of this JP has not included CSOs specifically focused on women's/gender equality issues.	
3.1	Program proposes a gender-responsive budget	<b>1</b>	Less than 15% of the budget is dedicated to gender equality.	Annex 4. Budget and Work Plan
<b>Total scoring</b>		<b>0.67</b>		

## [Annex 4. Budget and Work Plan](#)

### [4.1 Budget per UNSDG categories](#)

The overall cost of the programme is \$ 1,588,414.78 USD (\$627,791 USD provided in kind by the PUNOs).

The general budget is distributed among PUNOs according to their programme's responsibilities regarding the outputs as well as additional activities such as communications, monitoring and evaluation and the learning and sharing plans.

Accordingly, UNDP will be assigned \$247,174 (24.7%), UNEP \$373,904 (37.4%) and UNODC \$378,920 (37.9%).

48% of the budget will be used in year 1 and with the remaining 52% saved from implementation in year 2

UNDG BUDGET CATEGORIES	PNUD		PNUMA		UNODC		TOTAL	
	Joint SDG Fund (USD)	PUNO Contribution (USD)	Joint SDG Fund (USD)	PUNO Contribution (USD)	Joint SDG Fund (USD)	PUNO Contribution (USD)	Joint SDG Fund (USD)	PUNO Contribution (USD)
1. Staff and other personnel	30,305	18,000	132,000	319,424	124,250	250,992	286,555	588,416
2. Supplies, Commodities, Materials	0		0		44,200			
3. Equipment, Vehicles, and Furniture (including Depreciation)	2,322		6,392		4,000			
4. Contractual services	86,000		115,500		81,624			
5. Travel	6,870		31,002		31,080			
6. Transfers and Grants to Counterparts	40,000		0		0			
7. General Operating and other Direct Costs	65,507		64,549		68,977			
<b>Total Direct Costs</b>	<b>231,004</b>				<b>349,443</b>			
8. Indirect Support Costs (Max. 7%)	16,170		24,461		24,789		65,420	
<b>TOTAL Costs</b>	<b>247,174</b>	<b>18,000</b>	<b>373,904</b>	<b>319,424</b>	<b>378,920</b>	<b>250,992</b>	<b>999,998</b>	<b>588,416</b>
<i>1st year</i>	<b>146,000</b>		<b>150,242</b>	159,712	<b>183,558</b>		<b>479,800</b>	159,712
<i>2nd year</i>	<b>101,174</b>		<b>223,662</b>	159,712	<b>195,362</b>		<b>520,198</b>	159,712

## 4.2 Budget per SDG targets

Regarding the investment to accelerate the achievement of the SDGs, the programme's activity budget is divided approximately as the following:

- Target 13.2: 26% (\$249,249 from the total budget of the programme) implemented by UNEP
- Target 13.3: 13% (\$124,655 from the total budget of the programme) implemented by UNEP
- Target 16.4: 39% (\$378,920 from the total budget of the programme) implemented by UNODC
- Target 17.14: 22 % (\$215,074 from the total budget of the programme) implemented by UNDP

The remaining \$32,100 USD will be implemented by UNDP in the evaluation of the programme

SDG TARGETS		%	USD
	13,2	26%	\$ 249.249
	13,3	13%	\$ 124.655
	16,4	39%	\$ 378.920
	17,14	22%	\$ 215.074
TOTAL		100%	\$ 967.898

Note: This budget by SDG Target does not include the evaluation amount\* (\$32.100 USD)

### 4.3 Work plan



<b>Output 1.3</b> Assets recovery and reintegration enhances sustainable national development and strengthens the fight against corruption.	<b>Drafting national strategy on asset recovery</b>	<b>Drafting national strategy on asset recovery</b>	Diagnosis on asset recovery and reintegration.	x	x									Asset recovery and reintegration resulting from corruption for the strengthening of national sustainable development according to the National Development Plan and the 2030 Agenda	80,195	72,592	<b>152,787</b>	<b>UNODC</b>	<ul style="list-style-type: none"> <li>- Specialized Prosecutor's Offices in the Fight against Corruption</li> <li>• Financial Intelligence Unit</li> <li>• Institute for the Return of Stolen Goods</li> </ul>	
			Qualitative and quantitative analysis of asset recovery			x	x													
			Draft national strategy for asset recovery							x	x									
			High level forum between authorities, civil society and the private sector in order to create technical analysis and feedback.										x							
			Presentation event of the national strategy agreed between all parties.										x							

<b>Outcome 2</b>												<b>PLANNED BUDGET</b>			<b>PUNO/s involved</b>	<b>Implementing partner/s involved</b>			
<b>Output</b>	<b>Annual target/s</b>		<b>List of activities</b>	<b>Time frame</b>								<b>Overall budget description</b>	<b>Joint SDG Fund (USD)</b>	<b>PUNO Contributions (USD)</b>			<b>Total Cost (USD)</b>		
	<b>2020</b>	<b>2021</b>		<b>Q 1</b>	<b>Q 2</b>	<b>Q 3</b>	<b>Q 4</b>	<b>Q 1</b>	<b>Q 2</b>	<b>Q 3</b>	<b>Q 4</b>								
<b>Output 2.1</b> Financial regulators conduct stress tests to understand and mainstream the main climate related risks that could affect financial system stability.			Conduct a macroprudential stress test to better understand the main climate related risks (transitional and physical) that could affect Mexico's financial system stability in order to integrate climate risk into the comprehensive stress exercise, which includes credit, market and contagion risk.	x	x	x	x	x	x					Reinforcement of Green finance framework in the Mexican financial system by developing tools, capacities, schemes and regulations in aim of including climate risks, green taxonomy and effective mechanisms into the sector.	101.078	79.856	<b>180.934</b>	<b>UNEP</b>	Ministry of Finance, National Banking and Values Commission (CNBV), BANXICO
<b>Output 2.2</b> Financial regulators develop policies and tools to establish appropriate governance mechanisms at all levels, to act according to environmental and social risks and opportunities.			Establishment of capacities at board level to analyze environmental and social risks and opportunities, including updating assessment policies and redefining board competencies					x	x	x				27.820	79.856	<b>107.676</b>			
			Provision of common guidelines for green finance reporting among different financial supervisors, including prospective scenarios that financial institutions should consider in their risk assessment.					x	x	x	x	x		161.011	79.856	<b>240.867</b>			
			Design of a financial and governance structure to manage climate finance-related funds more efficiently and effectively					x	x	x	x			83.995	79.856	<b>163.851</b>			

<b>Output 2.3</b> The relevant institutions are aligned to the international standards on asset recovery and reintegration.	<b>Network Building</b>	<b>Network Building</b>	Comprehensive legal analysis of the recommendations from the second cycle of review and international best practices from different jurisdictions that are more advanced on the subject.	x	x											Asset recovery and reintegration resulting from corruption for the strengthening of national sustainable development according to the National Development Plan and the 2030 Agenda	79,971	53592	<b>133,563</b>	<b>UNODC</b>	<ul style="list-style-type: none"> <li>• Institute for the Return of Stolen Goods</li> <li>- Specialized Prosecutor's Offices in the Fight against Corruption</li> <li>• Financial Intelligence UniteGoods</li> </ul>
			Comprehensive legal analysis of the recommendations from the second cycle of review and international best practices from different jurisdictions that are more advanced on the subject.			x	x														
			National or regional advisory meeting trip for the review of institutional capacities in asset recovery and reintegration					x													
			Workshop with different national and regional actors to forge strategic alliances and collect good practices on asset recovery and returns						x	x	x										
	<b>StAR implementation</b>	<b>StAR implementation</b>	Scoping mission for technical assistance of StAR staff		x				x						89,623	72,217	<b>161,840</b>				
<b>Output 2.4</b> Institutional and regulatory capacities are strengthened at all levels for asset recovery and reintegration.	<b>Building capacities on asset recovery</b>	<b>Building capacities on asset recovery</b>	Specialized training program in assets recovery and reintegration with national and international specialists			x	x	x	x						Asset recovery and reintegration resulting from corruption for the strengthening of national sustainable development according to the National Development Plan and the 2030 Agenda	119,507	52591.75	<b>172,099</b>			
			Training workshop on different topics related with asset recovery and returns					x	x	x											
			Developed (first draft) national strategy on asset recovery to review and comments								x	x	x								

Joint programme management	List of activities	Time frame								PLANNED BUDGET				PUNO/s involved	Implementing partner/s involved				
		Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Overall budget description	Joint SDG Fund (USD)	PUNO Contributions (USD)	Total Cost (USD)						
<b>Monitoring and Evaluation</b>	Final external evaluation														32.100	4.500	<b>36.600</b>	All	
<b>Communication Strategy</b>	Development and implementation of a communication strategy supporting all project activities implemented by UNODC, PNUD and PNUMA during two years.	x	x	x	x	x	x	x	x						9.625	0	<b>9.625</b>	<b>UNODC</b>	

## Annex 5. Risk Management Plan

Risks	Risk Level: (Likelihood x Impact)	Likelihood: Certain - 5 Likely - 4 Possible - 3 Unlikely - 2 Rare - 1	Impact: Essential - 5 Major - 4 Moderate - 3 Minor - 2 Insignificant - 1	Mitigating measures	Responsible Org./Person
<b>Contextual risks</b>					
The National austerity policy that could cut the budgets related to the programme's topics of key partners institutions, at the expense of their participation in the programme.	9	3	3	Draft a collaboration agreement with the key institutions. Hold a constant dialogue between PUNOs and Government representatives regarding the programme's progress.	Coordination Committee
The financial system in Mexico does not adopt the common framework of green finance report nor the governance mechanism, because of its implications in international markets	8	2	4	Issuance of supervisory and agreement notes with SHCP and financial regulators to ensure that its functions include positioning and promoting the outputs of the JP in the financial framework	Coordination Committee and each of PUNOs according to their specific counterparts
<b>Programmatic risks</b>					
The COVID-19 pandemic is a major priority in the country and key partners will be devoted to this topic, reducing interest in the activities related to the program.	6	2	3	Maintain flexibility to revise and change the activities to ensure that the priorities for financing the SDGs are articulated with a fuller understanding of the implications of COVID-19 as this develops.	Coordination Committee and each of PUNOs according to their specific counterparts
Continued relevance of the proposed activities, the timeline for the approval of the JP might reduce the relevance of the	12	3	4	Establish constant communication with stakeholders in the time between the submission of the proposal and the implementation of the JP; be	UNDP

activities as other stakeholders are also working on these issues.				willing to re-scope some activities in order to provide maximum value.	
Due to the great progress in strengthening institutional capacities for asset recovery, the institutions in charge of the subject, generate a great advance and in the course of a year while the program is hurried, they anticipate projects that we are currently considering.	12	3	4	Generate channels of communication, coordination and constant cooperation with stakeholders, as well as follow-up strategies to continue enriching the proposals of this project, with a fluent communication with StAR and other relevant stakeholders.	UNODC
Weak coordination of the programme.	6	2	3	Establish constant communication and follow ups within PUNOs, considering the proposed timeline for the planned activities.	Coordination Committee, Lead Agency, implementing agencies
Counterparts are not receptive to participate in the workshops and assessments provided by PUNOs	4	1	4	Ensure counterparts are well informed about the programme and its expected impacts. Ensure that counterparts and target participants receive direct invitations from PUNOs and SHCP or the correspondent instance, depending on the topic of the event. In case they are not able to attend the workshops or presentation events, PUNOs will ensure that counterparts have the guidelines/reports	Each of the PUNOs, according to their planned activities



				and are aware of the main outcomes from the events.	
<b>Institutional risks</b>					
Lack of will from institutions to work in coordination in order to achieve the programme's results.	6	2	3	Permanent dialogue about the programme's advances between PUNOs, Government counterparts and other partners.	Coordination Committee
Lack of new national data to monitor programme's indicators	12	3	4	Support the monitoring of indicators through administrative registers.	Each of the PUNOs depending on their programme responsibilities.
<b>Fiduciary risks</b>					
N/A					

GOBERNADOR

Ciudad de México, 25 de marzo de 2020  
ADLC/2020C-027

**SR. ANTONIO MOLPECERES**  
**COORDINADOR RESIDENTE**  
**ORGANIZACIÓN DE LAS NACIONES UNIDAS EN MÉXICO**

Estimado Sr. Molpeceres,

Hago referencia a la convocatoria del *"Fondo Conjunto de las Naciones Unidas para los Objetivos de Desarrollo Sostenible de la Agenda 2030"*, que apoyará iniciativas que permitan el fortalecimiento de los sistemas financieros de los países mediante la integración de los principales retos al desarrollo sostenible, como son el cuidado del medio ambiente y el cambio climático.

Los temas relacionados con el medio ambiente y el cambio climático constituyen desafíos a nivel nacional y mundial. Estos temas, si bien constituyen una fuente de riesgo, también abren oportunidades para las instituciones financieras.

Para el Banco de México, una de sus finalidades esenciales es el sano desarrollo del sistema financiero. Ello precisa fomentar la estabilidad de dicho sistema, impulsando prácticas de financiamiento y gestión de riesgos que identifiquen y valoren adecuadamente los riesgos y las oportunidades en los proyectos de los acreditados a fin de que los recursos se canalicen a sus usos más eficientes. Si el sistema financiero no considera adecuadamente los desafíos y las oportunidades ambientales y climáticas, los recursos intermediados pueden estar expuestos a actividades sujetas a una elevada pérdida de valor, mermando la resiliencia del sistema financiero en su conjunto.

El sistema financiero tiene un papel importante en la consecución de los Objetivos de Desarrollo Sostenible establecidos por la Agenda 2030. En la medida que cuente con mejores herramientas y metodologías que permitan evaluar los riesgos ambientales y climáticos, así como identificar oportunidades de inversión sostenibles, podrá contribuir a una asignación de recursos económicos más acorde con el cumplimiento de estos Objetivos.

GOBERNADOR

Considero que el programa presentado por el Sistema de las Naciones Unidas en México, denominado **“Improving the allocation of risks and resources for sustainable development”**, ayudará a desarrollar las capacidades y herramientas que permitan incrementar la resiliencia del sistema financiero a los riesgos medioambientales y climáticos e impulsará el diálogo que permita fortalecer la gobernanza del sistema financiero para el desarrollo sostenible. Por lo anterior, me permito confirmar el interés del Banco de México en participar en este programa que se va a realizar conjuntamente con el Programa de las Naciones Unidas para el Medio Ambiente (UNEP por sus siglas en inglés) y las demás agencias y programas del sistema ONU que participan en esta importante iniciativa.

Estoy convencido de que este programa será relevante y benéfico para el sistema financiero mexicano.

Aprovecho para mandarle un cordial saludo.



LIC. ALEJANDRO DÍAZ DE LEÓN CARRILLO



Monday, March 12, 2020  
Mexico City

**SDG Joint Fund**

To whom it may concern,

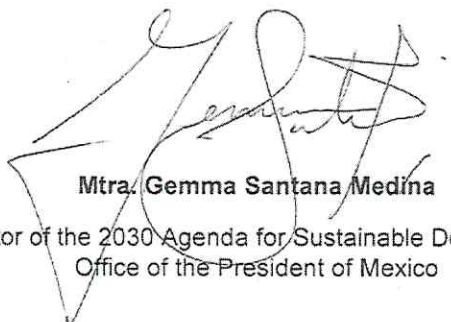
On behalf of the Office of the Presidency, as the Director for the 2030 Agenda, it is my pleasure to communicate the support of the government of Mexico to the proposal "Improving the allocation of risks and resources for sustainable development" presented to the SDG Joint Fund by UNODC, UNDP and UNEP.

This proposal is the result of a close collaboration between the United Nations System and the Federal Government and aligns with the priorities set forth in the National Strategy for the Implementation of the 2030 Agenda. The Mexican government recognizes the importance of creating holistic solutions that consider the social, economic and environmental spheres of development.

As the main federal government entity responsible for the implementation of the 2030 Agenda and the Sustainable Development Goals in Mexico, the Office of the Presidency acknowledges the importance of this proposal. We recognize the potential contribution of this project to tackle the challenges of mobilizing financing for the achievement of the SDGs. Through the implementation of this project, we can accelerate national efforts to fulfill all the development goals, in a participatory manner.

Sincerely,

Yours faithfully,



**Mtra. Gemma Santana Medina**  
Director of the 2030 Agenda for Sustainable Development  
Office of the President of Mexico





**Oficio No. 305.- 199/2020**

Ciudad de México, a 23 de marzo de 2020

**Antonio Molpeceres**  
**Coordinador Residente**  
**Organización de las Naciones Unidas en México**  
**Presente**

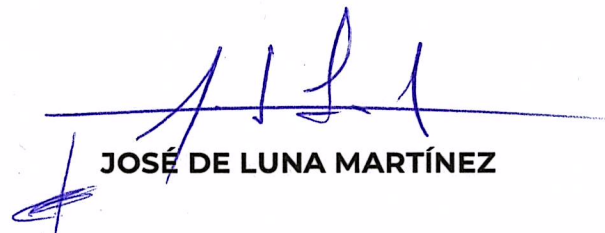
Hago referencia a la propuesta presentada por México al Fondo Conjunto de las Naciones Unidas para los Objetivos de Desarrollo Sostenible (ODS), "Improving the allocation of risks and resources for sustainable development", en el marco de la convocatoria de 2020 sobre financiación para el desarrollo.

Al respecto, me permito informarle que la propuesta fue construida entre las Agencias de las Naciones Unidas, particularmente la Oficina de las Naciones Unidas contra la Droga y el Delito, el Programa de las Naciones Unidas para el Medio Ambiente y el Programa de las Naciones Unidas para el Desarrollo, en consulta con distintas entidades del Gobierno Federal y la Oficina de la Presidencia de la República. Dicha propuesta, atiende las prioridades nacionales reflejadas en el Plan Nacional de Desarrollo y en la Estrategia Nacional para la Agenda 2030. Asimismo, es compatible con el trabajo de esta Secretaría para alinear el presupuesto público con los ODS, así como fomentar el uso transparente y eficiente de los recursos presupuestarios.

Derivado de lo anterior, la propuesta cuenta con el apoyo de la Secretaría de Hacienda y Crédito Público para su implementación.

Sin otro particular, hago propicia la ocasión para enviarle un cordial saludo.

**ATENTAMENTE,  
EL TITULAR DE LA UNIDAD**



**JOSÉ DE LUNA MARTÍNEZ**

BCC/FML/MGB





**HACIENDA**  
SECRETARÍA DE HACIENDA Y CRÉDITO PÚBLICO



**INDEP**  
INSTITUTO PARA DEVOLVER  
AL PUEBLO LO ROBADO

**DIRECCIÓN GENERAL**

**Oficio:** DG/ 020 /2020

March 10<sup>th</sup>, 2020

**UNITED NATIONS OFFICE ON DRUGS AND CRIME**

Program: Improving the Allocation of Risks and Resources for Sustainable

To whom it may concern,

On behalf of the Institute for the Return of Stolen Goods to the People (INDEP, for its acronym in Spanish), it is my pleasure to communicate the support of the Mexican Government to the initiative *“recover and integrate assets resulting from corruption and other crimes that derive from it”*. These recovered assets will increase the availability of resources for sustainable development, in accordance with the objectives of the Joint Sustainable Development Goals Fund.

As background, in 1999, a bill was passed by the Mexican Congress in which an institution specialized in the administration of assets from the Attorney General Office (FGR, for its acronym in Spanish) and the Federal Judicial Authority, was created, aimed at the improvement of the management of secured assets in the process of administration of justice, separating the roles of justice procurement, and the role of administration of secured assets.

Given the complexity of the procedure for the disposal of public assets, in 2003 the Asset Management Service (SAE, for its acronym in Spanish) was created as a decentralized agency of the Federal Public Administration. In this regard, it was established, that the acquisitions, leases and disposals of all types of goods, provision of services of any nature and the procurement of works and services carried out by the Federal Government, in both its centralized administration and parastatal entities, should be aimed at attaining the best available conditions for the State in terms of price, quality, financing, opportunity and other relevant circumstances.

In order to expedite the processes for the disposal of secured goods, on August 9<sup>th</sup> 2019, a decree was published in the Official Journal of the Federation, as well as various provisions of law on related areas in this field, resulting in the creation of the INDEP. In order to comply with the Strategy of the new government, agreements with the Attorney General's Office were established to expedite the abandonment procedures for the disposal of goods and assets. It is in this context that the INDEP is seeking to participate in the program to *“recover and integrate assets resulting from corruption and other crimes”*, so that it will enhance the alignment of our procedures with the best international practices in this area.





**HACIENDA**  
SECRETARÍA DE HACIENDA Y CRÉDITO PÚBLICO

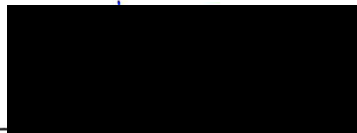


**INDEP**  
INSTITUTO PARA DEVOLVER  
AL PUEBLO LO ROBADO

Nowadays, INDEP keeps in its warehouses and courtyards several secured assets that were transferred more than 14 years ago, in absence of any ruling by the competent authorities pertaining their use or disposal. Pursuant to the foregoing, and the fact that INDEP must carry out an efficient administration of said goods, not only in terms of record-keeping and control, but in terms of the maintenance of their value, it has been proposed to convert such assets into currency, cash or equivalent, by means of the updated disposal procedure.

With the reforms to the current regulatory framework, the resources obtained from the sale of goods, both secured, abandoned, and those subject to expired ownership, will be allocated by the Social Cabinet of the Presidency of the Republic to support social programs. In this regard, the resources aimed at the use of technological tools to facilitate the exchange of information between the FGR, the Financial Investigation Unit and INDEP would allow to establish and carry out a comprehensive strategy to fight corruption and organized crime, allowing for the recovery of goods and assets, and for their use or disposal for the greater good of Mexican Citizens.

Given all of the above, I am certain that the participation of the INDEP in the initiative to “recover and integrate assets resulting from corruption and other crimes that derive from it” will increase the availability of resources and the efficiency in their use for sustainable development, aimed at social benefit programs for the greater good of the Mexican People.



**Ricardo Rodríguez Vargas**  
General Director

Copy. **Jesús Puente Treviño**. Corporate Director for Goods.



# Fund Transfer Request Form

## to the Multi-Partner Trust Fund Office, UNDP



<b>To be completed by the RC Office on behalf of Participating Organization(s)</b>					
<b>To:</b>	Jennifer Topping	<b>From:</b>	Antonio Molpeceres		
<b>Title:</b>	Executive Coordinator	<b>Title:</b>	Resident Coordinator, Mexico		
<b>email address:</b>	<a href="mailto:jennifer.topping@undp.org">jennifer.topping@undp.org</a>	<b>Email address:</b>	<a href="mailto:antonio.molpeceres@one.un.org">antonio.molpeceres@one.un.org</a>		
<b>Joint programme focal point</b>	Francisco García	<b>Email address:</b>	<a href="mailto:francisco.garcia@one.un.org">francisco.garcia@one.un.org</a>		
<b>Joint programme title :</b>	Improving the allocation of risks and resources for sustainable development	<b>Participating UN Organization's (PUNO) Focal point &amp; email (cc'd)</b>			
		<b>PUNO</b>	<b>PUNO focal point name</b>	<b>PUNO focal point email</b>	
		UNDP	Javier González	<a href="mailto:javier.gonzalez@undp.org">javier.gonzalez@undp.org</a>	
<b>Joint programme no:</b>	FC1 2020 MEX	UNEP	Dolores Barrientos Aleman	<a href="mailto:dolores.barrientos@un.org">dolores.barrientos@un.org</a>	
<b>Country:</b>	Mexico	UNODC	Salomé Flores	<a href="mailto:salome.flores@un.org">salome.flores@un.org</a>	
<b>Theme (Call)</b>	SDG Financing - Component 1	PUNO4			
		PUNO5			
Notes/ Special Instructions, if any:					
<b>Amounts in USD - insert into the table and please do NOT use decimals.</b>					
Participating UN Organization(s), as applicable <i>(Use English Acronym)</i>	Total Approved Allocation * <b>A</b>	Total previously transferred amount (if applicable) <b>B</b>	Amount Requested at this time <b>C</b>	Remaining Balance after <b>this request</b> <b>D = ( A - B - C)</b>	Total Committed to date[1] <b>E</b>
UNDP	247,174	-	146,000	101,174	#N/D
UNEP	373,904	-	150,242	223,662	#N/D
UNODC	378,920	-	183,558	195,362	#N/D
PUNO4		-		-	#N/D
PUNO5		-		-	#N/D
<b>Grand Total:</b>	<b>999,998</b>	<b>-</b>	<b>479,800</b>	<b>520,198</b>	<b>#N/D</b>
<i>Please check here if there is a change in the overall budget allocation:</i>					
<small>[1] legally binding contracts signed, including multi-year commitments which may be disbursed in future years, prevailing guidelines.</small>					
Total amount committed as percentage of total amount received (% calculated, E/B) must be 75% or greater to request next installment					#N/D
Joint programme end date (operational closure) as approved by the Joint SDG Fund Operational Steering Committee:			Month/Year:	31-Jul-2022	
I hereby confirm that the funds requested are calculated in accordance with the approved Work Plan & Joint Programme Document. * I also certify that the copy transmitted to the MPTF Office is a true copy of the original which is secured by the RC Office. I have received documentation from Participating Organizations demonstrating Committed amounts as indicated in column E above where applicable. I also confirm that the PUNOs' indirect cost does not exceed 7%.					
<b>Signature</b>				<b>Date:</b>	03-ago-20
<b>Name:</b>	<u>Antonio Molpeceres</u>				
<b>Title:</b>	<u>Resident Coordinator</u>				
*Attach signed Joint Programme document with budget breakdown by PUNO and year. ** Please submit soft copy along with signed version					