



Joint Programme 2022 Annual Progress Report

SDG Financing Portfolio - Component 1

Cover page

UNCT/MCO: Mexico

Reporting Period: 1 January - 31 December 2022

JP title: Improving the allocation of risks and resources for sustainable development

Stakeholder partner: National Government; Sub-national Governments; Private sector;

Thematic SDG Areas: Climate action & energy transformation;

PUNOs: UNODC, UNDP, UNEP

Top- up received as part of DEM: No

Total estimated expenditures: US\$ \$ 880,429.0

Total estimated commitments (including expenditures): US\$ \$ 19,868.0

Gender Marker: Gender-sensitive (for example, the JP acknowledged and aimed to address gender to enhance the policy/programme, such as undertaking gender analysis to ensure policies/programmes do no harm)

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Executive Summary

The Joint Programme finalized the Development Finance Assessment, streamlining a roadmap to better finance sustainable development at the national level and supporting the achievement of SDG Target 17.14. The financing analysis also considers a subnational chapter for one of the northern states in Mexico.

It also finalized and delivered methodological documents regarding the management of climate change risks in the financial sector. These documents, along with a broad capacity-building strategy for public and private financial institutions, will foster climate change mitigation and resilience, in line with SDG Target 13.3.

Finally, it has promoted the fight against corruption as an enabler for the further reutilization of stolen assets for sustainable financing. To achieve this, it has trained prosecutors, experts and judges on asset recovery techniques, aiming at strengthening criminal investigations for corruption-related crimes, advancing SDG Targets 16.4 and 16.5.

Annual Progress

Overall JP self-assessment of 2022 progress:

On-track (expected annual results-achieved)

Overall progress and key developments to date (3 key JP milestones)

1. Knowledge management, research, and analysis

The Joint Programme finished incorporating the last changes to the national Development Finance Assessment (DFA), Mexico's first ever comprehensive analysis of public and private finance trends for sustainable development. The DFA identifies financial and non-financial resources, as well as financing gaps and opportunities, along with a roadmap to mobilize investment towards the 2030 Agenda.

The national DFA triggered a subnational collaboration scheme with the government of Nuevo Leon to produce a pilot local DFA, with which the Joint Programme will benchmark the development of such analysis for the rest of the country. This will allow for the coordination of national and local resource mobilization and utilization strategies for sustainable financing.

As a support tool to further focalize sustainable investment, the Joint Programme provided the Ministry of Finance and Public Credit with a draft sustainable taxonomy. This document is an innovative classification tool that will help the country to properly categorize environmentally sustainable economic activities, thus allowing for more targeted sustainable financing.

2. Capacity-building

The Joint Programme strengthened the capacities of public and private sector personnel to increase the financial system resilience and to safeguard public resources against cross-cutting threats, such as climate change and corruption.

The JP first trained "regulatory authorities" and "supervised entities" of the national banking and financial system on risk analysis and risk staging. Over 700 staff members from 42 financial institutions, 40 insurance institutions and 7 retirement fund institutions were trained. As a result, institutions recognized the need to institutionalize the development of risk analysis in their plans, strategies and operations. They also acknowledged the relevance of strategic partnerships to create business models that foresee relevant estimates on climate change.

On the same line, the Joint Programme conducted a series of virtual training sessions on the recovery of assets derived from corruption. Overall, 190 officials from the Anticorruption Prosecutors Offices, Judicial Branches and Patrimonial and Economic Intelligence Units of the States of Campeche, Chihuahua, Durango, Oaxaca, Quintana Roo and Yucatan were trained. The training modules included skills and good practices for the investigation, identification, recovery, and reintegration of stolen assets. Each session was conducted by national and international experts, promoting the exchange of good practices and international experiences. The training evaluation showed that more than 80% of the officials felt that the information they were trained in would be applied to their day-to-day investigation activities.

3. Information technologies

Finally, the Joint Programme designed and delivered an electronic "Platform for evaluation and monitoring of projects financed with green fund resources", programmed for the management, administration and evaluation of projects supervised by the Ministry of Finance and Public Credit. The platform was developed to ease the role of the Ministry as Designated National Authority (NDA) of various international financing funds. These funds, known

also as green funds, include the Green Climate Fund, the Global Environment Facility, and the Adaptation Fund. The platform centralizes, automates, standardizes and organizes green funds in a single system, which will allow for better governance and oversight, ultimately improving the country’s commitment to a green economy.

Main Challenges, adjustments and lessons:

The political landscape in Mexico has become cumbersome and challenging. The current federal administration is coming to an end by mid-2024, thus making it harder for some government institutions to commit to national financing strategies. This is one of the reasons why some of the activities have focused so heavily on a subnational reach. Consequently, Output 1.2 which originally aimed at developing a federal resource mobilization strategy for sustainable development, has been adapted to rather develop a subnational assessment which can be feasibly replicated in states with the political will and adequate electoral scenario. The activities undertaken with the government of Nuevo Leon have served to report on this Output.

However, this is not the only setback faced by the Joint Programme. The two other major challenges have had to do with internal approval processes within the institutions we have worked with, and constant changes in staff and focal points for the PUNOs activities. This was particularly damaging for the timely approval of the DFA, the Green Taxonomy, and the methodology to conduct the macro prudential stress tests. Also, this changed the scope of the Funds Governance Report Platform, allowing only for the development and delivery of the programming, rather than its full deployment. Though most of the approvals have already been secured, products have been finalized and delivered so close to the Joint Programme’s end date, that little evidence will be available to assess their impact.

SDG Acceleration

- The Joint Programme supported national progress towards SDG Target 13.3 “Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning”. This was achieved through an ambitious capacity-building strategy that reached most of the public and private institutions that comprise the national financial and banking system.

- It also addressed SDG Target 16.5 Substantially reduce corruption and bribery in all their forms” jointly with SDG 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”, by preparing one of the first training programmes on asset recovery for the product of corruption-related offences. This activity addressed subnational capacities to work towards SDG16 fulfillment.

- Finally, the activities related to the development of the DFA are a direct contribution to SDG Target 17.14 “Enhance policy coherence for sustainable development”, with a further upscaling regarding the development of subnational analysis and sustainable financing roadmaps. This will ensure that national policy is not only coherent to achieve national results, but that there is alignment throughout the subnational complementary financing policies.

Updates on SDG financing framework

	Assessment Diagnostics	Monitoring	Governance
Inception phase	Financing Strategy	Review	Coordination

Descriptions on progress by INFF building blocks

Inception Phase:

Assessment & Diagnostics:

Financing Strategy:

Monitoring & Review:

Governance & Coordination:

Annual Reporting on Results

JP contributions to the Joint SDG Fund's global cost of living crisis

Next steps, scaling and sustainability [400 words]

Activities for 2023 will include efforts to ensure that counterparts and strategic stakeholders appropriate the Joint Programme's products. This will include follow up with the Ministry of Foreign Affairs, the Ministry of Finance and Public Credit, and the Central Bank. The Joint Programme has planned a final meeting of the Steering Committee by mid-march, and to keep promoting the products and methodologies developed even after the project conclusion.

Special mention goes to the subnational activities, where the Joint Programme has faced not only interest, but also political will to replicate and scale-up the activities. The methodology to adapt the DFA to a subnational context, and the possibility of further training the rest of the Mexican states in asset recovery investigations opens a possibility to sustain the project objectives in the short term.

Finally, in coordination with the Resident Coordinator's Office, a web portal will be populated with the Joint Programme's products, to guarantee adequate knowledge management and public access to documents and materials.

Priority Cross-cutting Issues

Cross-cutting results/issues

- Gender equality and women empowerment was one of the main cross-cutting results for the Joint Programme. The gender dimension was present in all products developed by PUNOs, particularly in the workshops for financial institutions. There were dedicated sessions promoting the mainstreaming of gender equality through the adoption of gender-sensitive metrics, and a push for broader women's participation in financial advisory boards.

- The human rights perspective was also prominent in the Joint Programme's products. The DFA was built bearing in mind the priorities in human rights resource allocation, while the training curriculum on asset recovery stressed the importance of upholding and safeguarding human rights to comply with due process and access to justice.

- Finally, the Leaving No One Behind approach was a principle for the planning, development and drafting of all activities and products. Particularly so in the DFA analysis and climate change risk scenarios.

How did the JP apply the Gender Marker

The JP is Gender-sensitive (for example, the JP acknowledged and aimed to address gender to enhance the policy/programme, such as undertaking gender analysis to ensure policies/programmes do no harm). Capacity development (e.g. training of social workers, local governments, local communities);

Focus on LNOB cross cutting principles

Human Rights	Persons with disabilities	Youth	Environmental and social standards
Yes	No	No	Yes

Strategic Partnerships, Documents and Communications

How did the JP facilitate collaboration with diverse stakeholders in the SDG financing space

- The Joint Programme engaged with the Nuevo Leon Council, a public-private partnership that is in charge of the strategic planning and evaluation of policies and programmes in the state. This collaboration will ensure local appropriation and adoption of the subnational DFA.
- Also, with the Association of Mexican Banks (ABM) and the Mexican Association of Pension Funds Managers (AMAFORE). These partnerships allowed to reach out and train the wider proportion of the Mexican financial system.
- Additionally, with the National Convention of Anticorruption Attorneys, a body that convenes annually to define areas of joint development among anticorruption prosecutors. Thanks to these, asset recovery for sustainable development was chosen as an area to focus on during 2023-2024.
- Finally, the Joint Programme will keep pushing to engage with the Sustainable Finance Committee, to present the final products and aim at scaling up the impact of the project.
- The Joint Programme has not yet secured additional financing from these strategic partnerships.

Donor and Strategic events attended by JP in 2022

JP steering committee/ programme board meeting	Strategic partners/ donors event	Closing meeting/ event
No	No	No

JP contribution to SDG Financing

Drafted a bill, strategy, and/or approved a law increasing the fiscal space for the policy focus	Produced financing, costing, diagnostic and feasibility analyses as a basis to invest or increase spending on the SDGs	Improved efficiency (cost savings) in management programmes/schemes	Improved effectiveness of (value for money; social impact of \$1 spent) sector investment on the SDGs	Drafted policies/regulatory frameworks i.e. developed tools to incentivize private sector investment on the SDGs	Structured financial instruments (public, private or blended) to leverage additional funding	new instruments or (public, private or blended) to leverage additional funding
No	Yes	Yes	No	No	No	No

Main capacity building activities supported by the JP that allowed people to expand their knowledge on SDG Financing and INFFs

The JP offered training on climate risk management for financial stability for regulatory authorities (public sector) and supervised entities (private sector) of the national banking and financial system. Participants were sensitized on the need to institutionalize the development of risk analysis in their plans, strategies and operations.

Another relevant capacity-building activity was a workshop to strengthen financial institutions' capacities to integrate the gender dimension of sustainable development through the establishment and elaboration of metrics and strategies to close gender-gaps. The workshop touched on gender-related social and environmental risks; women's participation in advisory boards through international benchmarks; and the importance of Environmental, Social and Governance gender standards for Fund Administrators.

Finally, a training curriculum on the recovery of assets derived from corruption. The training spanned for 14.5 hours and showcased skills and techniques for the investigation, identification, recovery, and reintegration of stolen assets. The sessions broadly covered normative aspects of asset recovery; procedural aspects for the identification, tracing, seizure and return of assets; and international cooperation mechanisms. The curriculum stressed the importance of recovering assets which can in turn be reutilized for a social purpose in line with the 2030 Agenda.