

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	MEXICO/CID - Isthmus & DR
▪ TC Name:	Sustainable Mobility at the National and Local Levels
▪ TC Number:	ME-T1451
▪ Team Leader/Members:	FIORAVANTI, REINALDO DANIEL (INE/TSP) Team Leader; CROTTE ALVARADO, AMADO (INE/TSP) Alternate Team Leader; CERON, NELLY (CID/CME); SANMARTIN BAEZ, ALVARO LUIS (LEG/SGO); RODRIGUEZ MOLINA, RAUL (INE/TSP); GONZALO RODRIGUEZ VALVERDE (INE/TSP); MIX VIDAL, RICHARD ALEXANDER (INE/TSP); NAVAS DUK, CRISTIAN LEE (INE/TSP); SOSA SARTORI, MARTIN DANIEL (INE/TSP); URTEAGA DUFOUR, JOSE ANTONIO (INE/ENE); DIAZ ACOSTA, CLAUDIA (INE/TSP); RODRIGUEZ GONZALEZ, ROBERTO EDUARDO (INE/TSP)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	23 Sep 2022
▪ Beneficiary:	Sectorial Ministries (SEDATU, SICT) and state level Secretaries (SEMOVI, SEDESO)
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$1,250,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	INE/TSP - Transport
▪ Unit of Disbursement Responsibility:	CID/CME - Country Office Mexico
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality ; Productivity and innovation ; Economic integration; Institutional capacity and rule of law; Environmental sustainability; Gender equality

II. Objective and Justification

- 2.1 The Transport Sector has been identified as one of the three with the greatest mitigation potential to meet with the Mexican NDC's commitments. Hence, the objective of this technical cooperation is to develop several different studies about low carbon sustainable infrastructure to achieve a strong, green and inclusive economic recovery in the transport sector. Additionally, it will provide a pathway for Mexico's economic growth and a transition to a Net Zero economy while closing the gap in public services.
- 2.2 The primary objective of the current TC has been identified as a result of a previously implemented technical cooperation on sustainable low carbon infrastructure in Mexico City (UK funded and executed by the IDB). Consequently, there is an added value to provide a continuation of previous work. All interventions are attributable to the UKSIP's and IDB's constant dialogue with the Mexican Government, thus are based on the needs and priorities of the Government as well as the eligibility within the Fund and the Bank's Update to the Institutional Strategy 2010-2020 and Vision 2025. Sustainable low carbon infrastructure can support Mexico to achieve strong, green,

and inclusive economic recovery. It can provide a pathway for Mexico's economic growth and a transition to a Net Zero economy while closing the gap in public services.

- 2.3 In 2019, the amount budgeted for investment in infrastructure (US\$37,444 million) was 6.3% higher in real terms than 2018, representing 12.2% of the total federal budget and 2.8% of the GDP. However, the increase in budget (17.4%) is lower than that budgeted for each of the years 2014, 2015 and 2016. Since 2014, the trend overall has been downward, decreasing as a percentage of GDP by 1.3 percentage points in five years and well below the 4% to 6% of annual GDP required to achieve sustained growth to meet the Sustainable Development Goals ("Implicaciones del Paquete Económico 2019" by the Centro de Investigación Económica y Presupuestaria, A.C.).
- 2.4 On November 28th, 2019, President Andres Manuel Lopez Obrador announced an infrastructure plan worth 859 billion pesos (US\$44 billion) that includes highways, railways, ports, and airports as well as investments in telecommunications with most of the capital coming from the private sector. In addition to that, Mexico's government expects public and private investment in infrastructure to reach almost US\$600 billion approximately over the next five years to raise the country's economic growth capacity. The first stage of a later amended version of the plan is expected to be implemented by 2020 with 431 billion pesos of outlays going largely to the tourism and transportation sectors.
- 2.5 To meet the Mexican NDC's commitments, approximately US\$123,831 million of investment is required, being transportation, electricity generation and industry, the three sectors with the greatest mitigation potential, but at the same time representing 85% of the investment required. This implies a greater role of public development banking, commercial banking, stock market and greater financial inclusion of small and medium enterprises.
- 2.6 The Mexican infrastructure gap has the potential to be turnaround as an opportunity to leverage private sector investment if bankable sustainable projects are delivered at scale. Hence, the present document presents the creation of a country platform to continue and accelerate a transformational change for the Mexican government to seize the opportunity that sustainable low carbon infrastructure brings towards a sustainable recovery.
- 2.7 The Mexican UKSIP Country platform is designed to mainstream sustainability principles across the national, sectorial, and institutional upstream planning level, as well as to increase institutional capacity and prioritize and build sustainable infrastructure bankable pipelines to mobilize private sector financing.

III. Description of Activities and Outputs

- 3.1 **Component I: Mass public transport at the local level.** This component includes: (i) analysis of current public transport routes, fleet characteristics, demand, and willingness to pay of transport services in Monterrey, and their connectivity with a public bicycle scheme; (ii) executive project for a new trolley bus route in Mexico City; (iii) Public transport modernization guidelines for local authorities; and (iv) regulation for the implementation of the new Mobility and Road Safety Law.
- 3.2 **Component II: Electromobility.** This component includes the diagnosis of the public transport routes, including Metrobus lines, that would be suitable for an electric fleet according to transport demand and authorized fares.
- 3.3 **Component III: Active mobility.** This component includes the elaboration of: (i) guidelines to support local governments in the design of policies to increase walking, cycling and active mobility in general; and (ii) sustainable mobility policies at the subnational level.

- 3.4 **Component IV: Green hydrogen for long-distance freight transport.** This component includes: (i) technical, economic, and financial analysis, as well as the business model to promote the green hydrogen for long-distance freight transport in northern Mexico; and (ii) roadmap for the implementation of the potential of green hydrogen to mitigate GHG emissions.
- 3.5 **Component V: Dissemination.** This component includes the dissemination of the activities supported by the TC and the design, edition and printing of publications.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Mass public transport at the local level	US\$500,000.00	US\$0.00	US\$500,000.00
Electromobility	US\$200,000.00	US\$0.00	US\$200,000.00
Active mobility	US\$300,000.00	US\$0.00	US\$300,000.00
Green hydrogen for long-distance freight transport	US\$150,000.00	US\$0.00	US\$150,000.00
Dissemination	US\$100,000.00	US\$0.00	US\$100,000.00
Total	US\$1,250,000.00	US\$0.00	US\$1,250,000.00

V. Executing Agency and Execution Structure

- 5.1 The TC will be executed by the IDB (TSP/CME). The execution will include: (i) hiring of consulting firms and/or individual consultants; (ii) recurring meetings with each beneficiary governmental agency to achieve their participation and involvement in all stages of activities, from elaboration and feedback of terms of reference, to revision and follow up of deliverables; and (iii) administrative and technical follow up of all hirings done by the IDB.
- 5.2 The hiring of all consulting services will be done by the IDB in accordance to the Selection and Contracting of Consultants (GN-2350-9).
- 5.3 This TC responds to a request made by the national governmental through the Ministry of Finance and Public Credit (SHCP). The TC will be executed by the IDB (TSP/CME) per request from the Government of Mexico, in order to facilitate institutional coordination as well as the appropriate development of studies, in accordance with the guidelines of TC Operating Guidelines (GN-2629-1).

VI. Project Risks and Issues

- 6.1 There are not relevant risks identified in the execution of TC, with the only exception of coordination between governmental institutions. As a mitigation measure, the IDB will continue its current dialogue with the different institutions to ensure their collaboration.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "undefined".