

# Publication of the Sustainable Financing Mobilization Strategy of Mexico by the Ministry of Finance

ESG - October 3, 2023

On September 18, 2023, the Ministry of Finance and Public Credit ("SHCP" as per its acronym in Spanish), published the Sustainable Financing Mobilization Strategy (the "Sustainable Financing Strategy").

The Sustainable Financing Strategy aims to promote and prioritize the implementation of various sustainable instruments, such as the issuance of labeled bonds, the placement of guarantees and green credits, as well as investments in infrastructure projects, through which the Government of Mexico intends to mobilize around 1.7 trillion pesos annually from 2023 to 2030.

To promote the above, the Sustainable Financing Strategy establishes 3 specific objectives:

1. Access to financing;
2. Dissemination of information; and,
3. Creation of innovative financing instruments.

To meet the objectives of the Sustainable Financing Strategy, 19 lines of work and 97 strategic activities will be implemented in the short (2023 - 2024), medium (2025-2027) and long term (2027 - 2030), through 3 fundamental pillars:

**I. Sustainable Public Financial Management.** Public investment will seek to incorporate risk management, including climate risks, allowing the entry of private sector investments in activities and projects that generate environmental and social benefits.

In addition, actions are included to minimize the fiscal risks associated with climate change and biodiversity loss, which have a negative impact on economic stability.

Main lines of work: a) budget aligned with sustainability and climate change, b) public investment and mobilization of development banking, c) fiscal risks related to climate change and biodiversity loss, d) sustainable corporate governance, and e) sustainable measures in fiscal legislation, among others.

**II. Mobilization of Sustainable Financing.** The vision of sustainability will be promoted in the institutions that make up the Mexican Financial System, through financial policy and regulatory actions, contemplating the promotion of new financing mechanisms and instruments.

Main lines of work: a) consolidation of the sustainable debt market, b) implementation of Mexico's Sustainable Taxonomy, c) regulatory actions for the sustainability of the MFS, d) creation of innovative sustainable financing instruments, and e) sustainable financing for MIPYMES (as per its acronym in Spanish), among others.

**III. Transversal Actions.** The first action identifies the need for capacity building in sustainability in the entities that make up the MFS. The second action refers to the mainstreaming of the gender perspective, both at the level of the institutions that make up the financial ecosystem, as well as in the mobilization of financing.

Main lines of work: a) linkage between the different carbon pricing instruments; b) access to financing from Multilateral Environment and Climate Change Funds; and c) promote the gender perspective in the MFS, among others.

During the months of September to December 2023, a public consultation process will be carried out to ensure that the SFM Strategy responds to the needs of sustainable financing and integrates the vision of all interested institutions. The purpose of the SFM Strategy is to significantly increase investments to generate strong impacts on people's wellbeing, environmental care, and biodiversity conservation.

The ESG practice of our Firm is fully qualified to assist our clients in any matter related to the application of the published Sustainable Finance Strategy, since:

(i) We have been involved in some of the most innovative transactions in the market, advising clients on the adoption of ESG standards and the preparation of documentation for financings and issuances, in line with international standards such as the LMA's Green Loan Principles and the Green Bond Principles.

(ii) In the area of sustainable corporate governance, we have conducted, together with our strategic ally Social Value Institute, ESG compliance analyses and assessments for clients in the financial, real estate, pharmaceutical and entertainment sectors, with the purpose of increasing management's awareness of institutional maturity in corporate sustainability and identifying the processes and sub-processes of organizations that expose them to legal and criminal risks relevant to ESG strategies, based on a materiality study and with an environmental and human rights approach;

(iii) Finally, together with our strategic ally with Social Value Institute, we offer our clients specialized advice in sustainable finance, and a technological platform for the implementation, monitoring and reporting of ESG standards and strategy, as well as to carry out the implementation and management of compliance programs for the identification, mitigation, and attention of ESG risks.

The full text of the Sustainable Finance Strategy is available [here](#).

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