

SUSTAINABLE DEVELOPMENT GOALS SOVEREIGN BOND

**Building Prosperity: Financing Sustainable Development
Goals For An Inclusive Economy**

MINISTRY OF FINANCE AND PUBLIC CREDIT
SEPTEMBER 2020



GOBIERNO DE
MÉXICO

HACIENDA

SECRETARÍA DE HACIENDA Y CRÉDITO PÚBLICO

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In line with Mexico's commitment to foster an inclusive economy and fulfill the United Nations Sustainable Development Goals ("SDG") Agenda, the Ministry of Finance and Public Credit introduces its inaugural SDG Bond under its SDG Sovereign Bond Framework. The Framework aims to meet the growing investors' demand for instruments with environmental and social purposes, while promoting transparency in public spending and better monitoring for fulfillment of Mexico's SDG goals



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Challenges And Measures To Enhance Growth



Mexico's Socioeconomic Development At A Glance

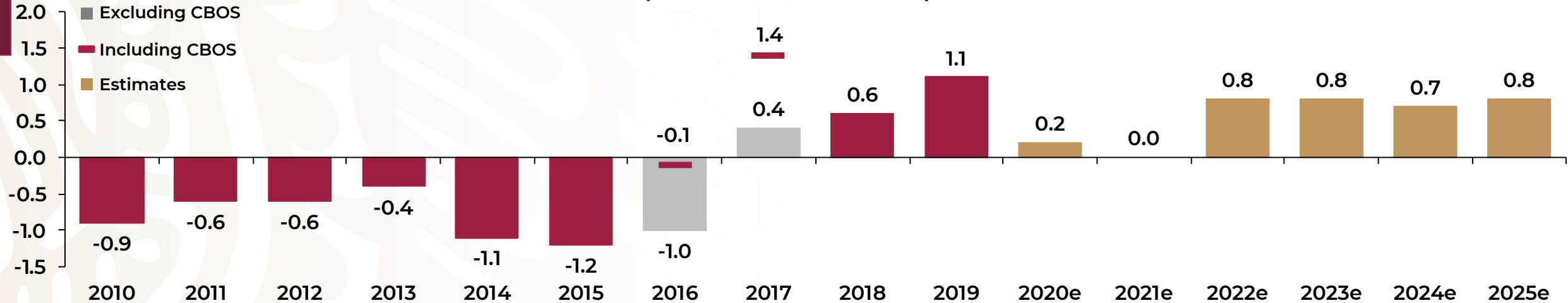


Inaugural SDG Sovereign Bond Issuance

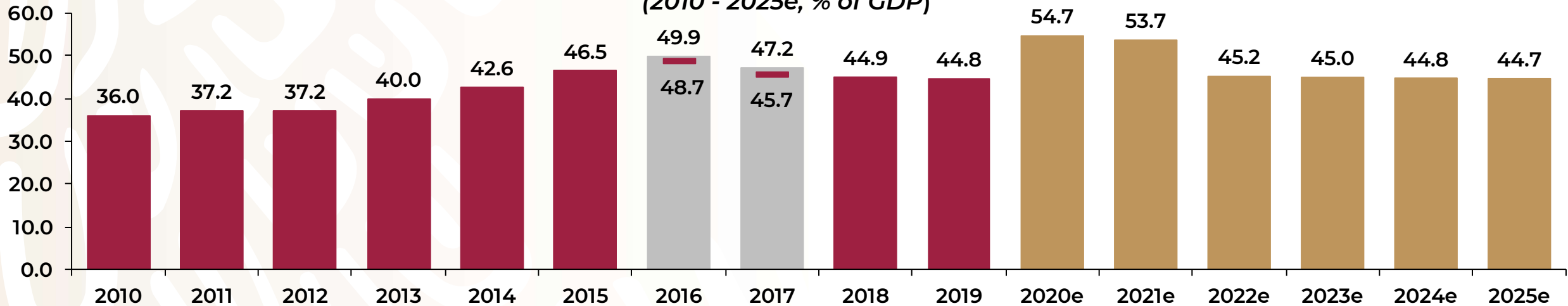
Commitment To Maintain Fiscal Discipline



Public Sector Primary Balance
(2010 - 2025e, % of GDP)



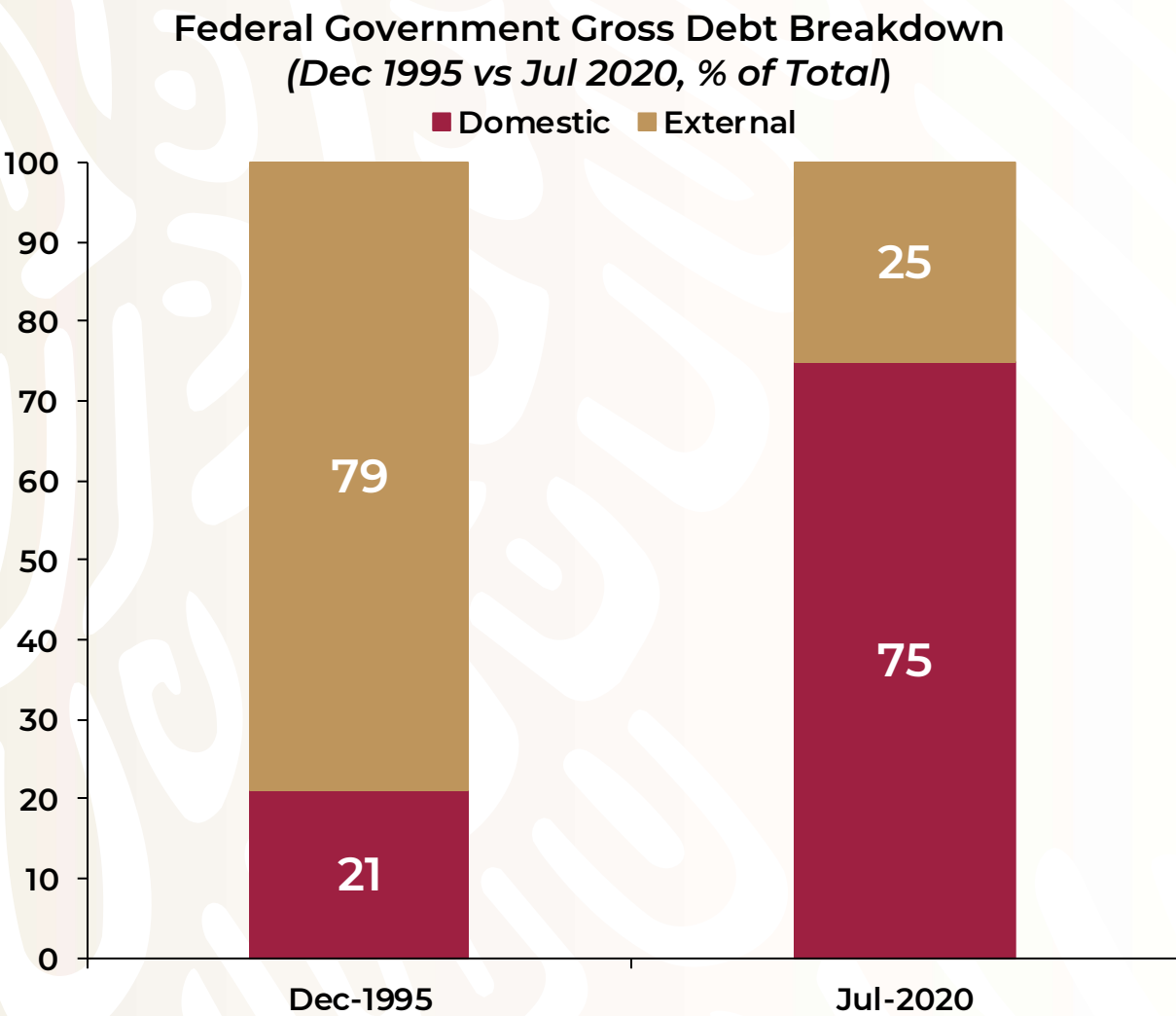
Historical Balance of Public Sector Borrowing Requirements
(2010 - 2025e, % of GDP)





Solid Debt Portfolio

The Federal Government has a conservative and solid public debt portfolio to better manage periods of high volatility that could arise in the global financial markets



Federal Government Gross Debt Statistics

DOMESTIC DEBT

330
USD bn
as of Jul-2020

6.7
years
average life

4.5
years
duration

EXTERNAL DEBT

111
USD bn
as of Jul-2020

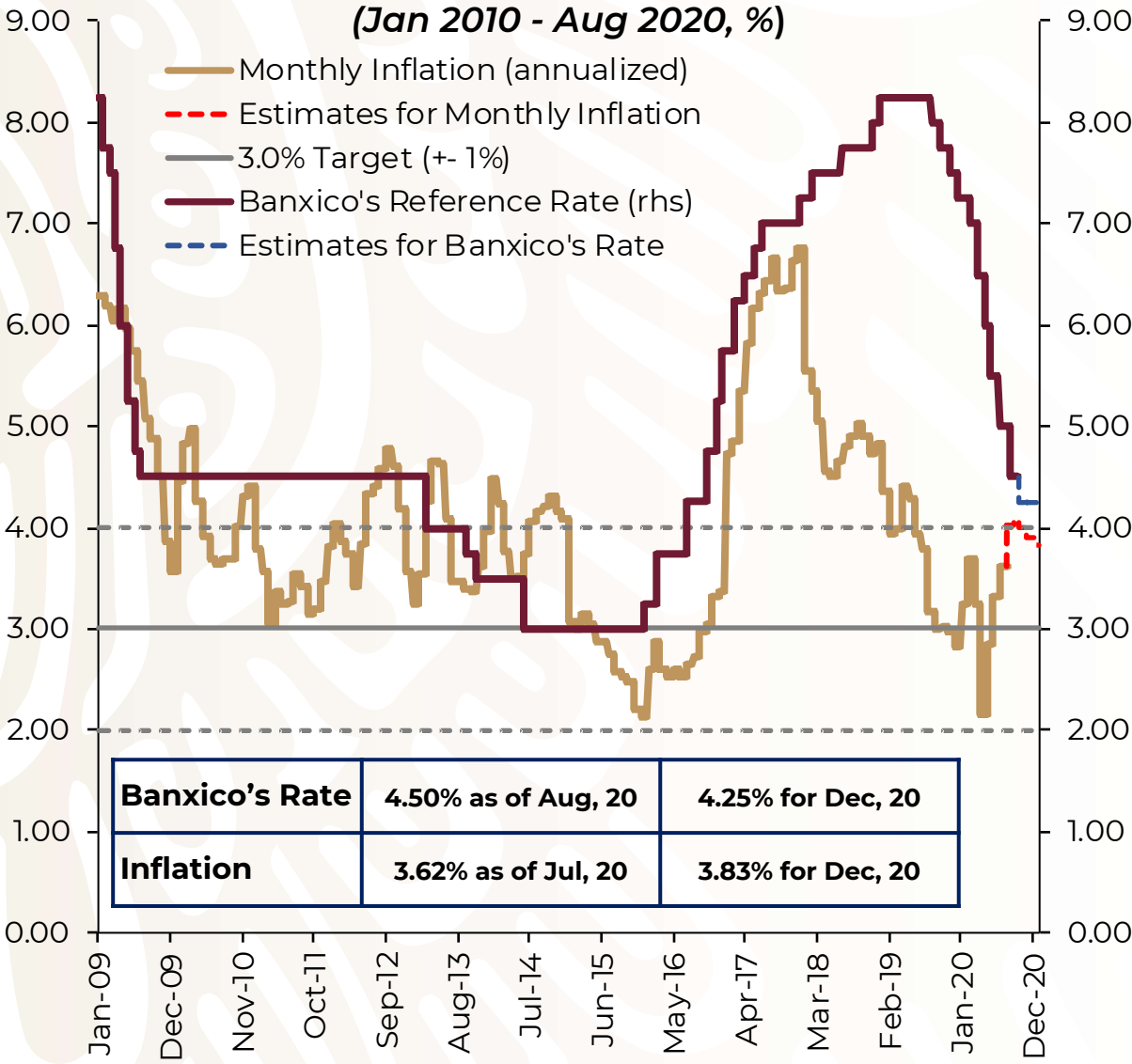
18.8
years
average life

9.8
years
duration

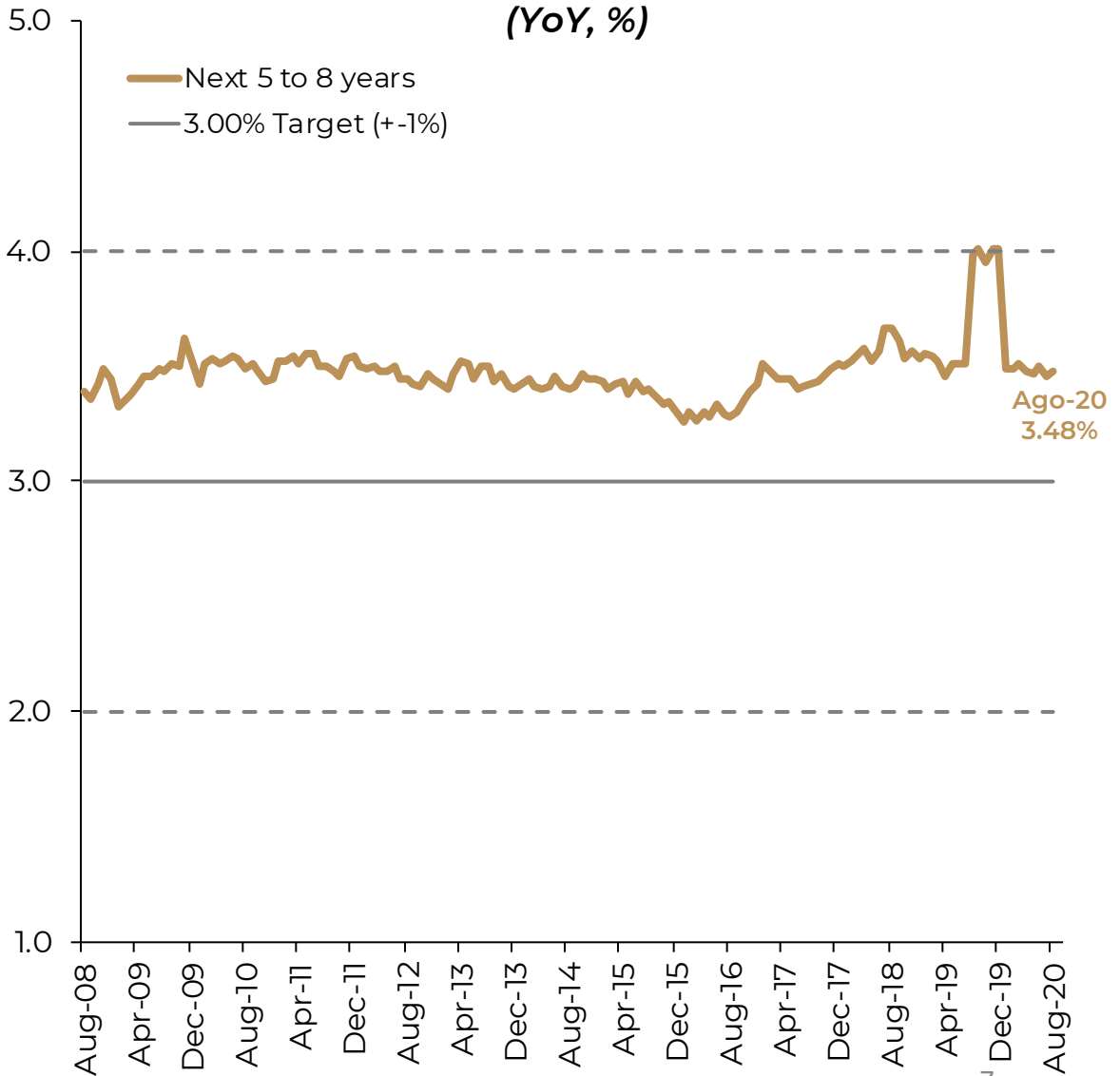


Central Bank Policies

Monthly Inflation and Banxico's Reference Rate
(Jan 2010 - Aug 2020, %)



Long-Term Inflation Expectations
(YoY, %)



Economic Safeguards



Foreign Exchange Commission Toolkit

193 bn USD

in Banco de Mexico's
International Reserves

61 bn USD

under the IMF's Flexible
Credit Line

60 bn USD

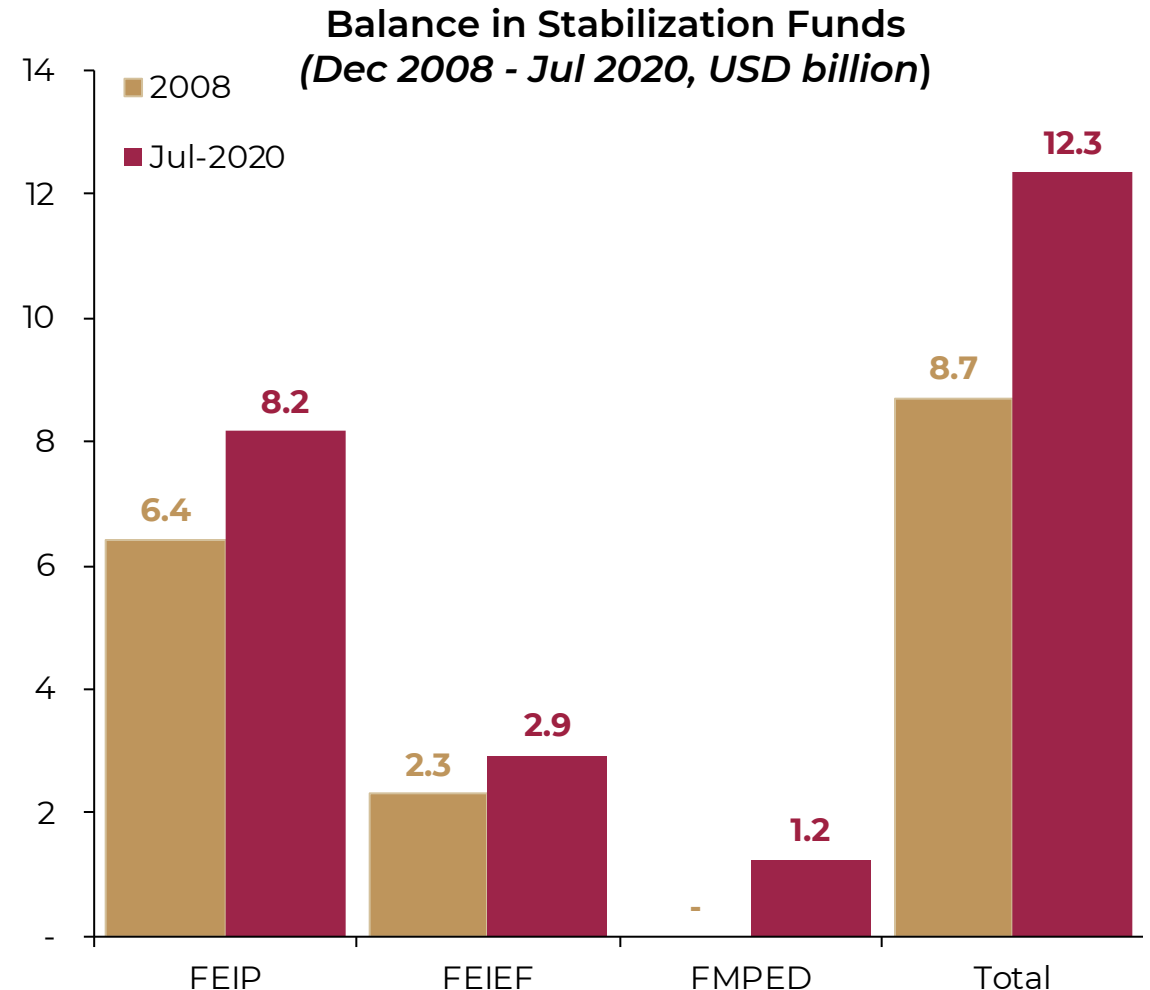
under a US Fed Bilateral
Currency Swap Line

9 bn USD

under a US Treasury NAFA
Swap Line

**Interventions in the FX market in order to
reduce volatility**

- Stabilization funds currently have a maximum historical balance that could be used in times of an economic slowdown



Source: Ministry of Finance.

¹FEIP: Stabilization Fund for Budgetary Revenues.

²FEIEF: Stabilization Fund for the Income of the Federal Entities.

³FMPED: Mexican Petroleum Fund for Stabilization and Development.

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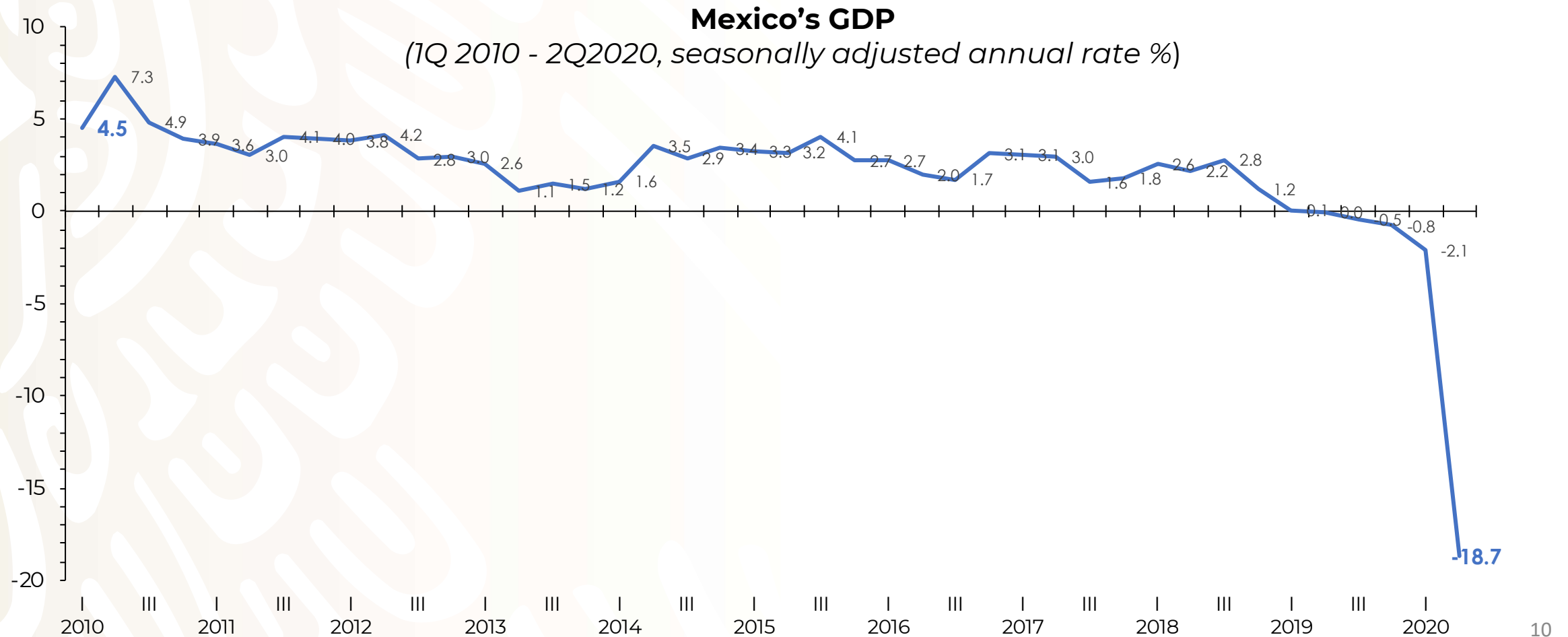


Inaugural SDG Social Sovereign Bond Issuance

Mexico Faces Challenges Related To Economic Growth



The Mexican economy has decelerated since mid-2018, weighed down by a challenging international environment and weak industrial production



Investment And Consumption In Mexico

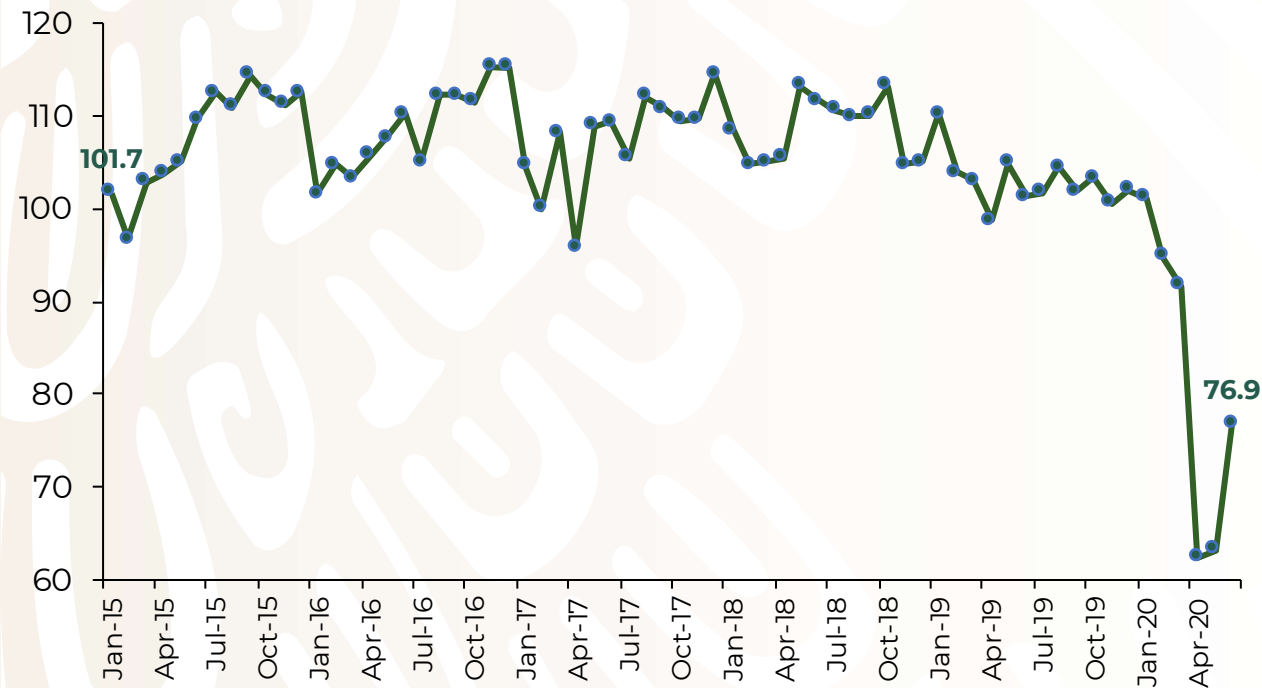


Fiscal consolidation since 2014 has seen public investment steadily contract while the global slowdown and more pessimistic growth expectations have undermined private investment since early 2018

Growth in private consumption and retail sales have slowed, but remain positive. Public consumption has been trending down since mid-2018 amid government efforts to generate fiscal space for spending priorities

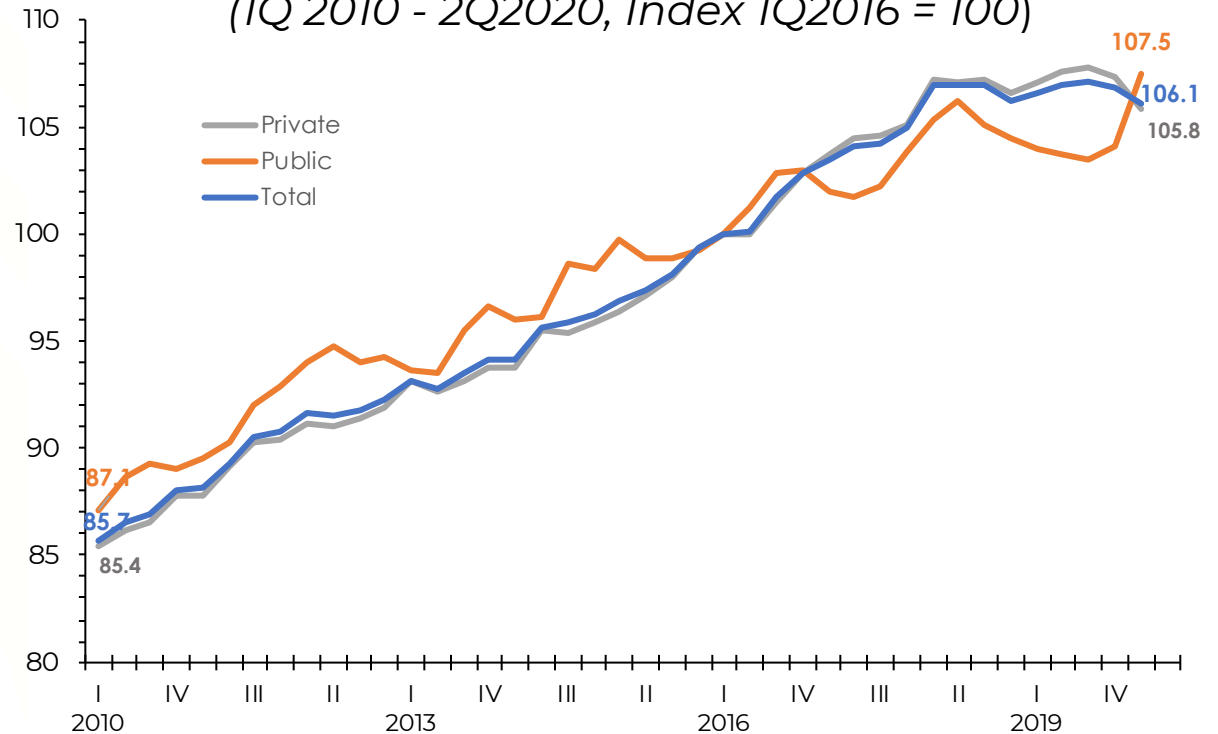
Gross Fixed Investment

(Jan 2015 - Sep 2020, Index 2013 = 100)



Aggregate Consumption

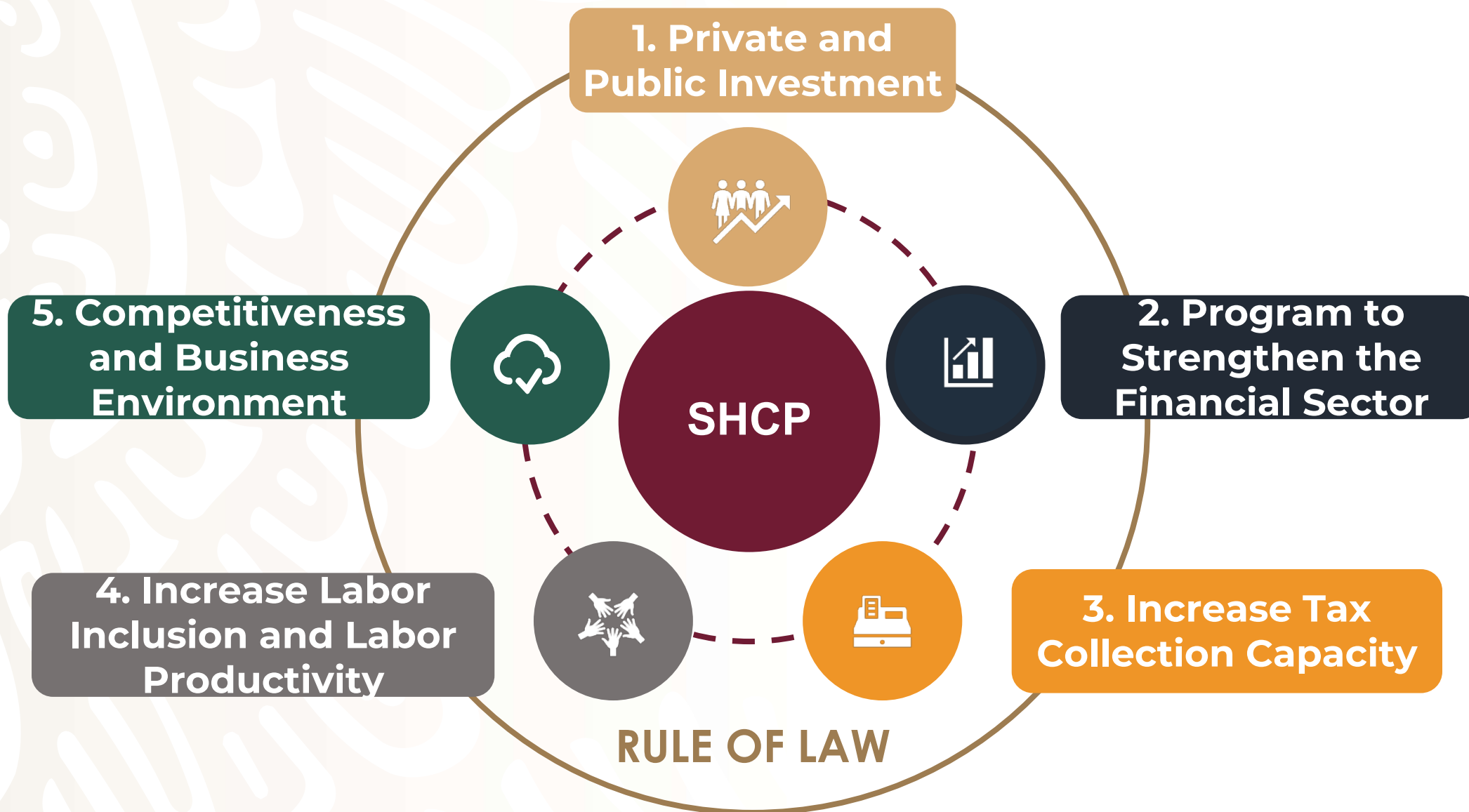
(1Q 2010 - 2Q 2020, Index 1Q 2016 = 100)





Enhancing Economic Growth

- The Federal Government's growth strategy contains 5 main axes:



Actions to Enhance Economic Growth



1

Private and Public Investment

- Fiscal discipline to avoid reduction of public investment
- Regulatory improvements to give more certainty and foster private investment
- Continue developing the South-Southeast region (Mayan Train and Interoceanic Corridor of the Istmo of Tehuantepec)



2

Program to Strengthen the Financial Sector

- Encourage a greater participation of non-banking institutions, particularly “Fintechs”
- Stimulate the credit market with more transparent information for borrowers
- Use digital platforms to improve financial inclusion
- Reduce asymmetric information on the credit products offered
- Reduce the use of cash in the economy
- Generate incentives to increase long-term savings



3

Increase Tax Collection Capacity

- New tax scheme for the digital economy
- Improvements in collection efficiency derived from combating tax evasion and avoidance
- Collaboration with states and municipalities to promote local tax reforms
- Presidential Agreement that eliminates tax forgiveness



4

Increase Labor Inclusion and Labor Productivity

- Promote actions that incentivize the incorporation and promotion of women in the Government’s workforce
- Continue developing a model for labor inclusion of women (access to credit for tools, flexible work, training)
- Modular scheme to acquire high impact skills for more productive jobs



5

Competitiveness and Business Environment

- Implement the National Strategy for Regulatory Improvement
- Collaborate with the authorities in promoting competition
- Update the Industrial Property Law
- Promote the establishment of industrial innovation centers where solutions for the industry will be offered using innovative technology
- Provide education programs to promote innovation



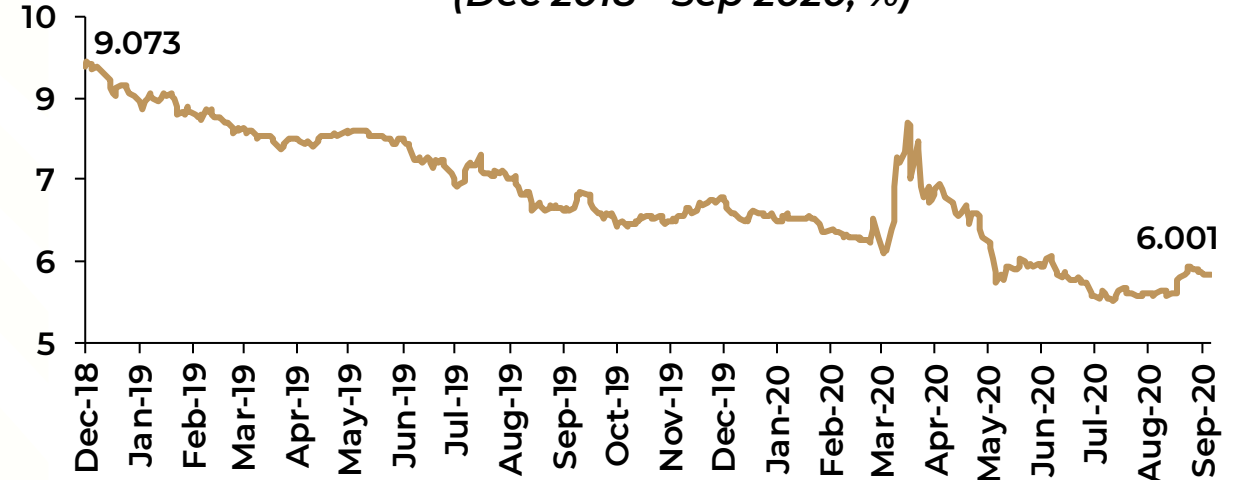
Improvement In Mexico's Risk Perception Despite Headwinds



Mexican Peso
(Dec 2018 - Sep 2020, USD/MXN)



MBono 10-year
(Dec 2018 - Sep 2020, %)



Mexico's CDS USD 5-year
(Jan 2016 - Sep 2020, bps)

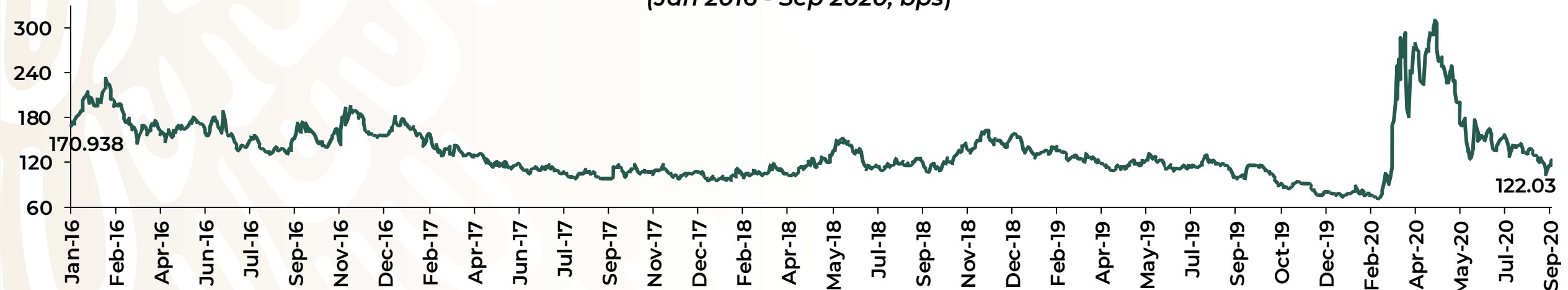


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**Mexico's Socioeconomic
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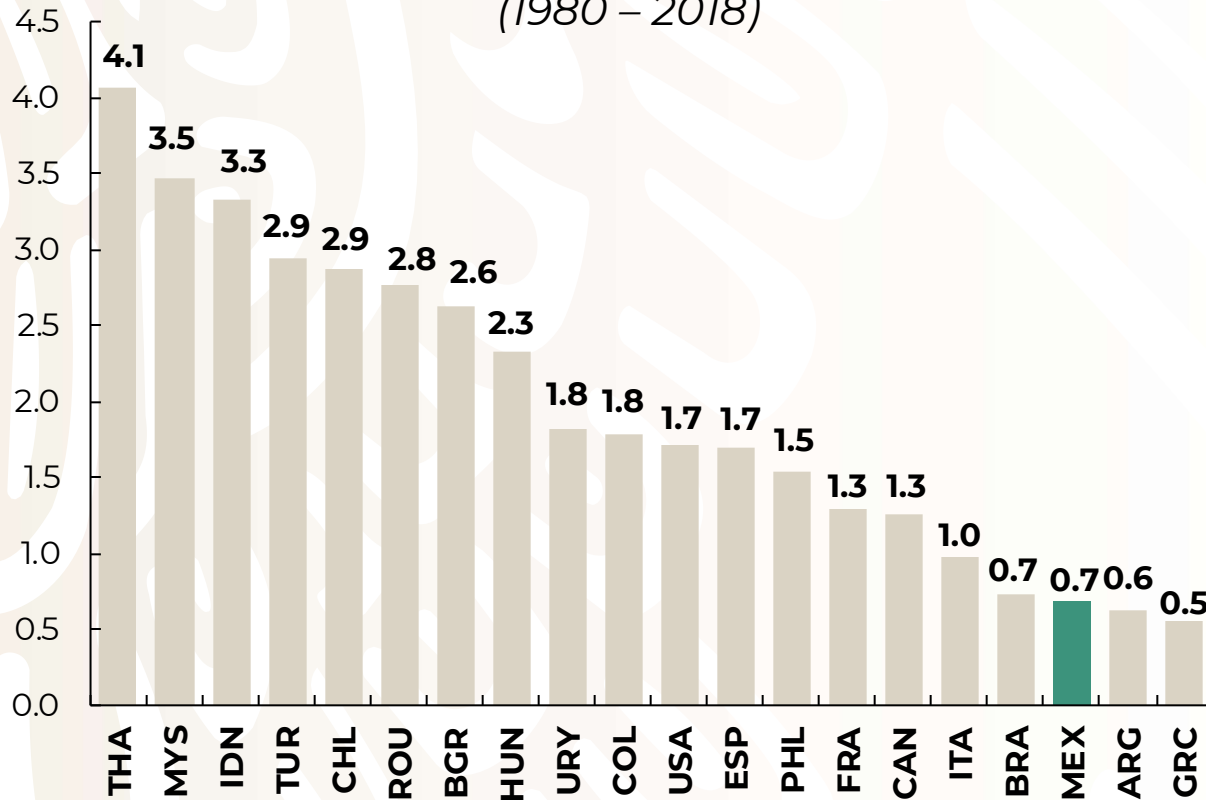
Inaugural SDG Social Sovereign Bond Issuance

Long-term Growth World Versus Mexico's



The Mexican economy has shown low long-term growth since 1980. While low-income countries are catching up with high-income countries, Mexico, Argentina and Brazil continue to lag behind

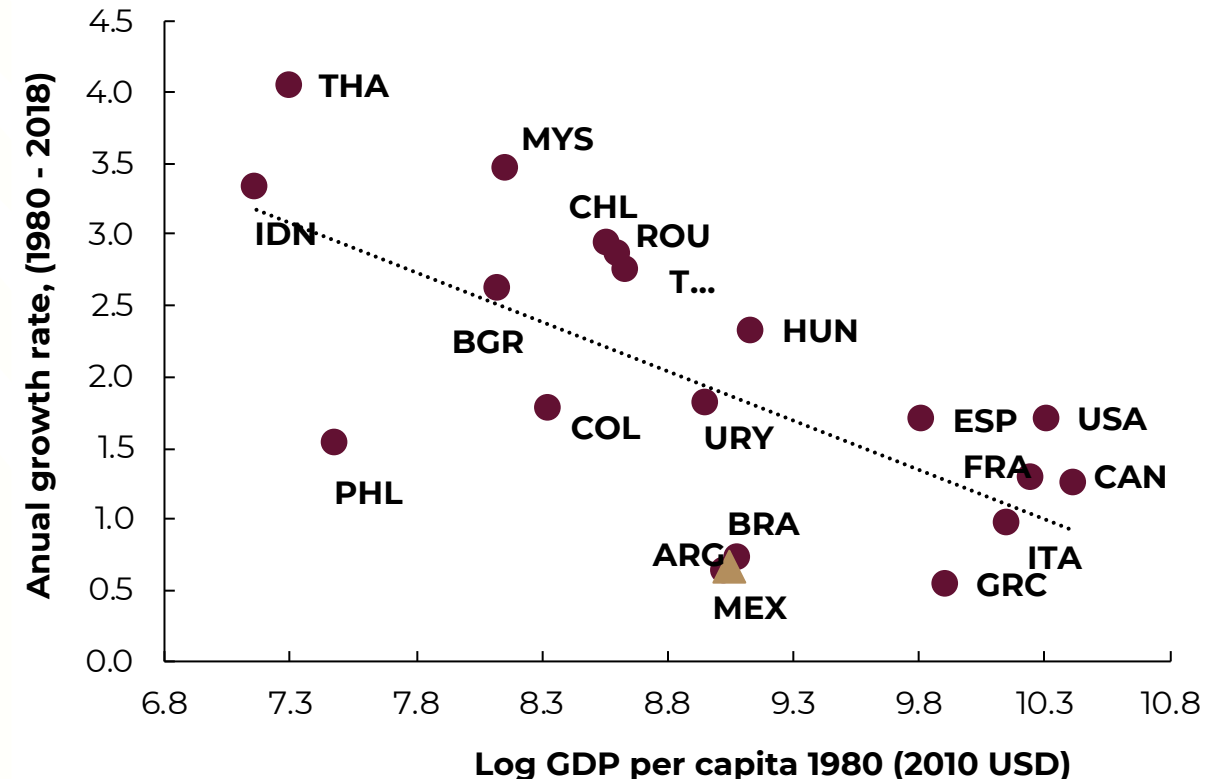
Annual growth rate (%) , real GDP per capita
(1980 – 2018)



BRA: Brazil; URY: Uruguay; ARG: Argentina; CHL: Chile; COL: Colombia; MEX: Mexico; MYS: Malaysia; THA: Thailand; IDN: Indonesia; PHL: Philippines; HUN: Hungary; TUR: Turkey; BGR: Bulgaria; ROU: Romania; ESP: Spain; GRC: Greece; ITA: Italy; FRA: France; USA: United States; CAN: Canada.

Source: World Bank

Convergence of real GDP per capita
Constant 2010 USD; annual growth rate (%)

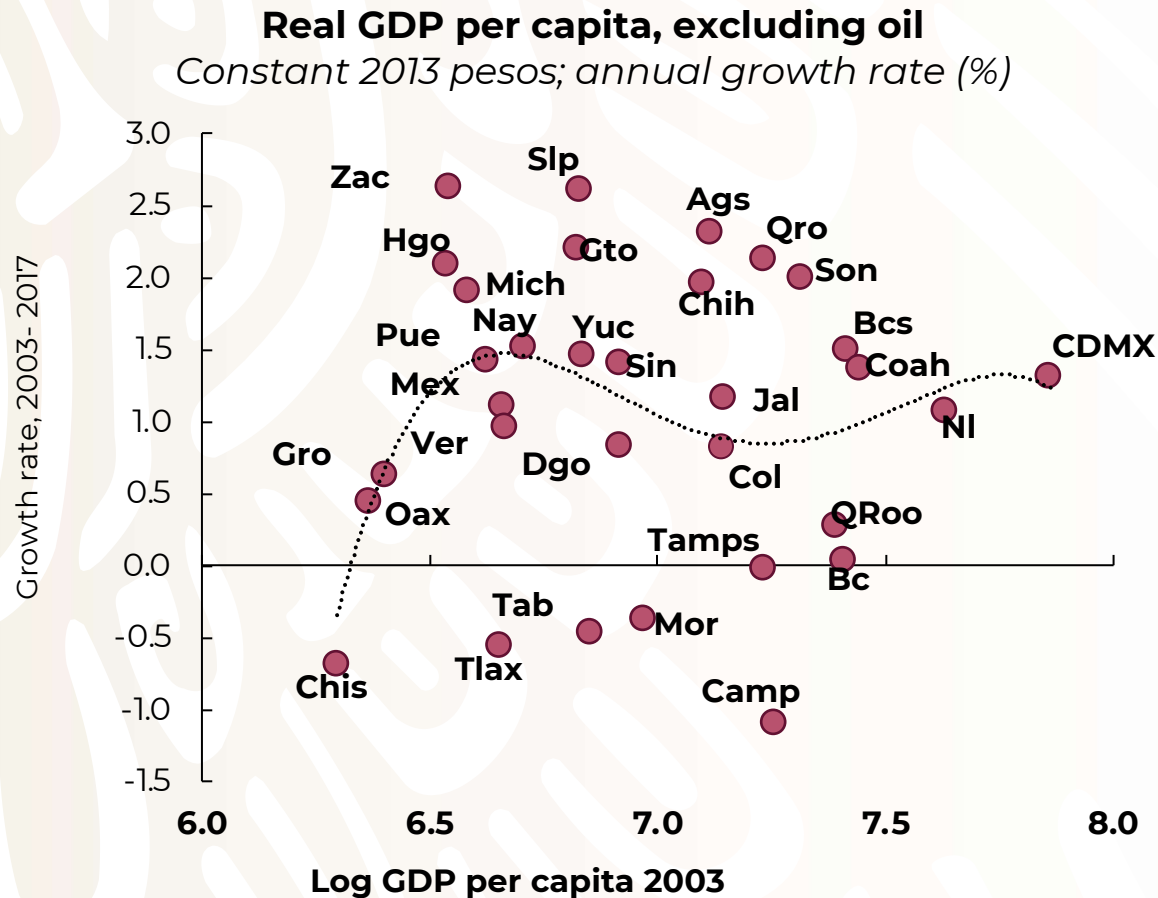


BRA: Brazil; URY: Uruguay; ARG: Argentina; CHL: Chile; COL: Colombia; MEX: Mexico; MYS: Malaysia; THA: Thailand; IDN: Indonesia; PHL: Philippines; HUN: Hungary; TUR: Turkey; BGR: Bulgaria; ROU: Romania; ESP: Spain; GRC: Greece; ITA: Italy; FRA: France; USA: United States; CAN: Canada.

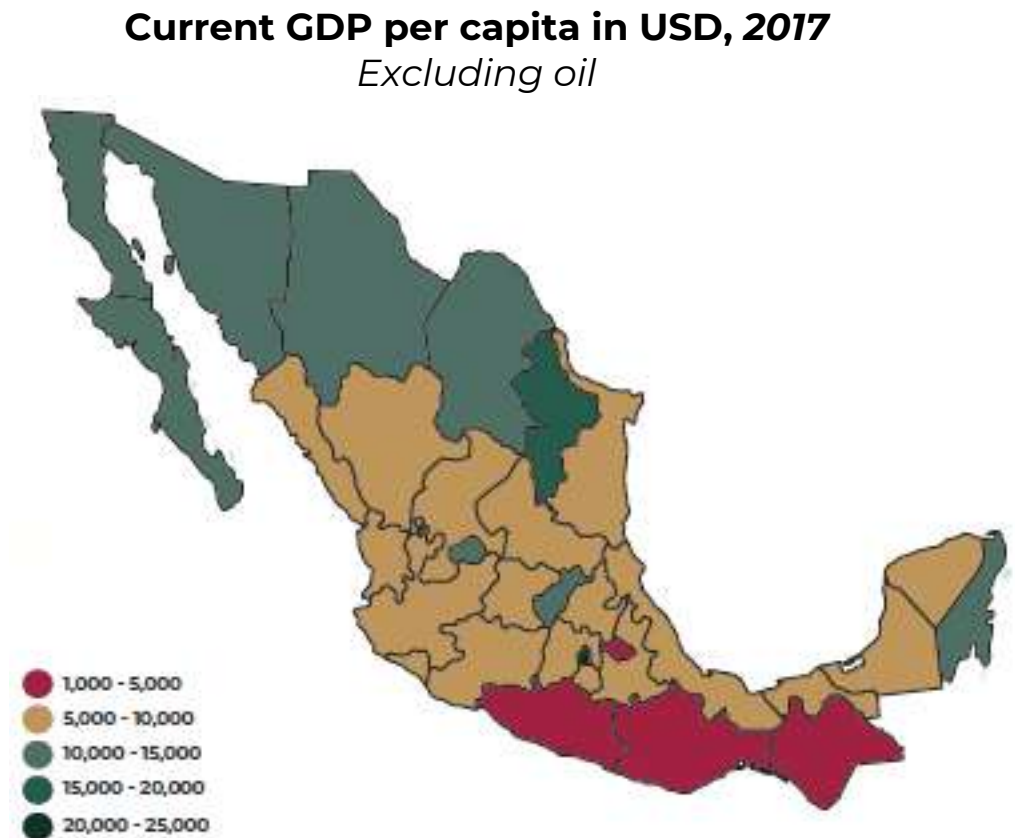
Source: World Bank

Mexico's Regional Disparities

- While northern states grow at rates above 2 percent, southern states show negative growth
- High-income northern states are growing faster than the low-income southern states. Only middle-income states are catching up



Source: INEGI.



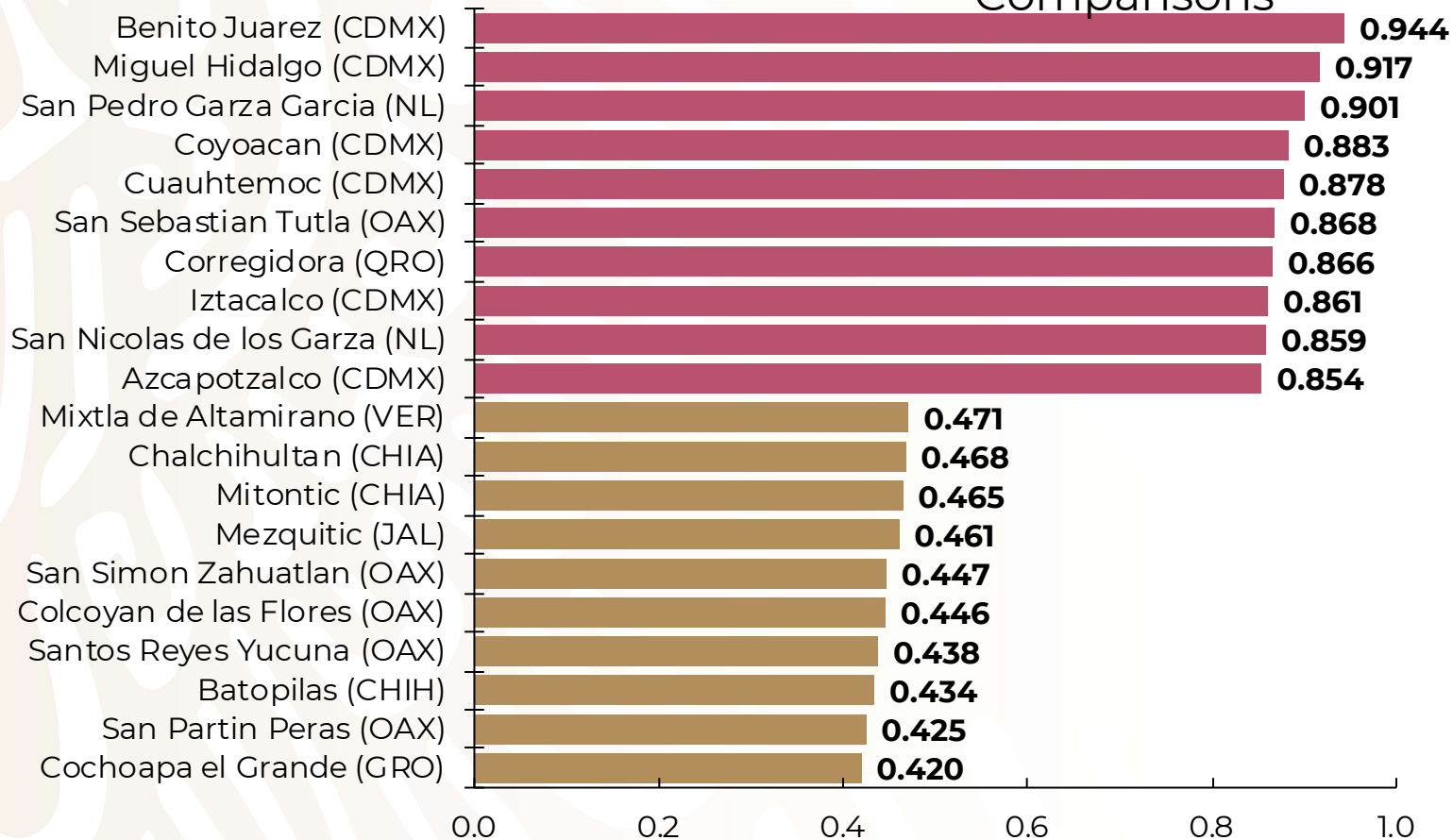
Source: INEGI.

UN's Human Development Index



Some municipalities in Mexico rank in line with Switzerland while others rank closer to Burundi

Ten municipalities with the highest and lowest HDI in 2015, International Comparisons



Switzerland (0.942)

United Kingdom (0.918)

Israel (0.901)

Czech Republic (0.882)

Italy (0.876)

Estonia (0.866)

Greece (0.866)

Cyprus (0.860)

United Arab Emirates (0.859)

Andorra (0.854)

Malawi (0.470)

Djibouti (0.470)

Gambia (0.457)

Ethiopia (0.451)

Guinea-Bissau (0.449)

Democratic Republic of the Congo (0.444)

Republic of Guinea (0.443)

State of Eritrea (0.443)

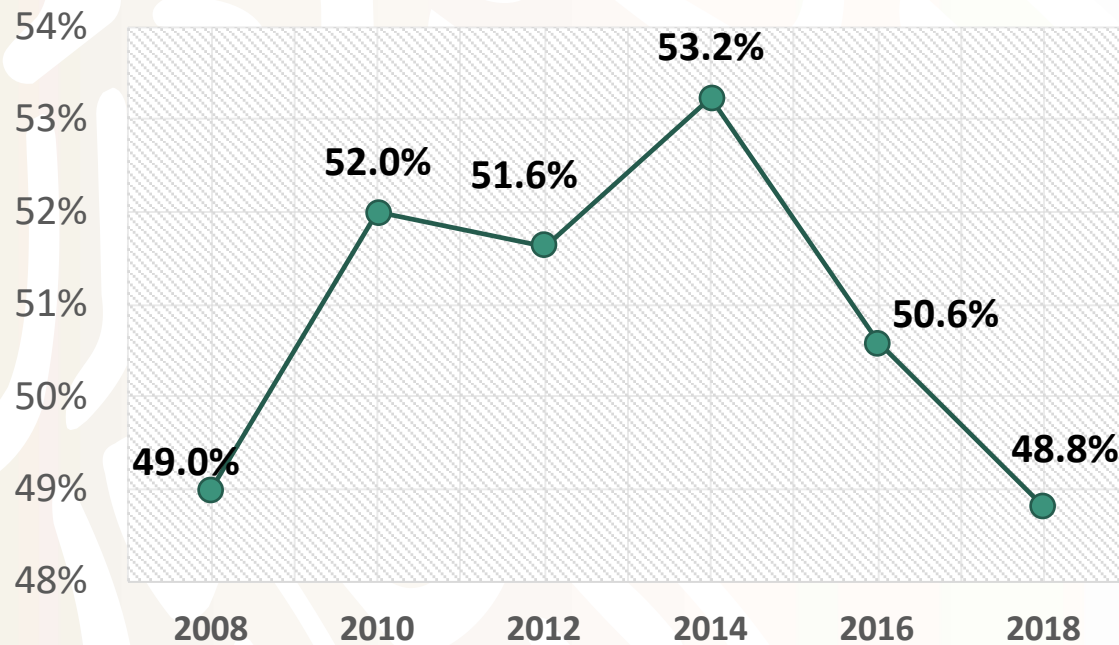
Republic of Mali (0.418)

Republic of Burundi (0.418)

Priority: Foster Poverty Reduction With Social Programs

Close to half of the population earns an income below the wellbeing line; among the worst in Latin America (48.8% as of 2018)

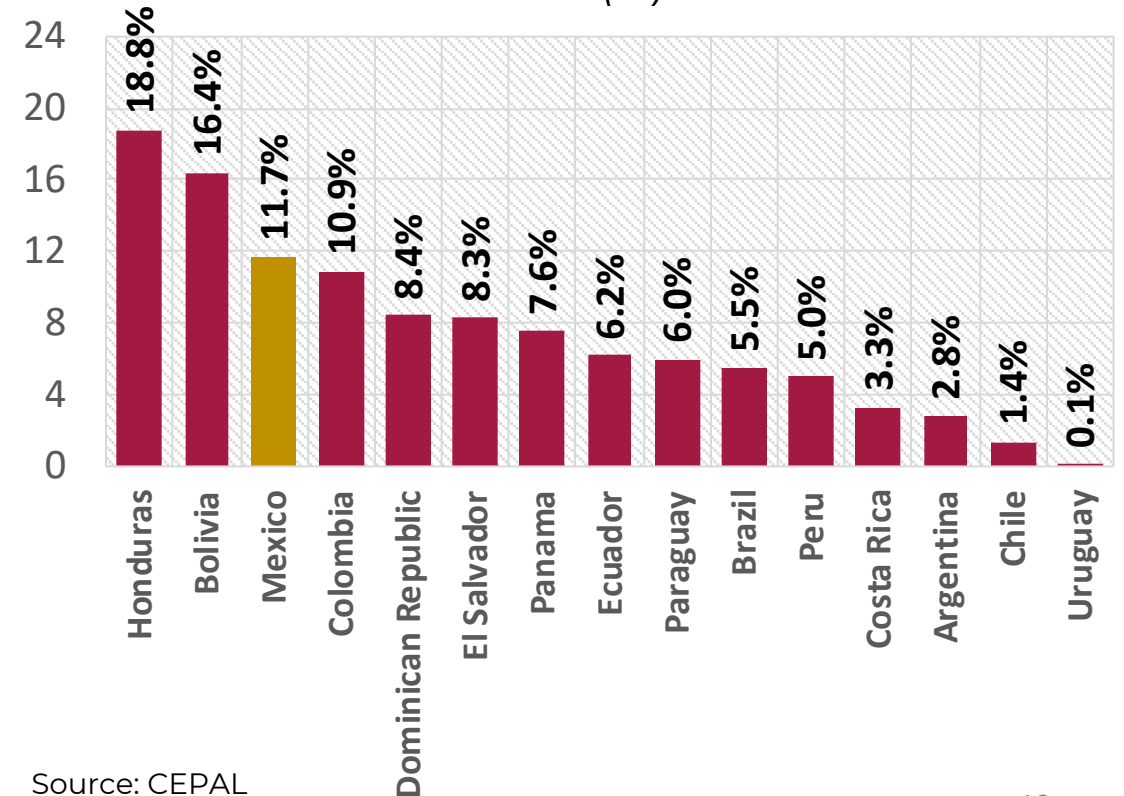
Population below the wellbeing line, 2008-2018 (%)



Source: CONEVAL

Population below the wellbeing line: Population with a lower income than the monetary value of basic nutrition, goods and services.

Extreme poverty rates according to CEPAL, 2017 (%)



Source: CEPAL

Data for Honduras, Mexico and Dominican Republic of 2016.

Priority: Preventing Corruption

Anticorruption and Transparency



Diagnostic:

- Corruption weakens public institutions, the rule of law and hinders economic growth.
- Increased intolerance by citizens to corruption in Mexico

Actions:

- Adoption of austerity measures (Public officials are leading by example)
- Establishment of better transactional and control systems in expenditures, procurement, payroll, inventory, accounting and budgeting
- Open dialogue mechanisms for infrastructure projects among the private sector and government
- Typification of corruption schemes, mitigation measures and risk management

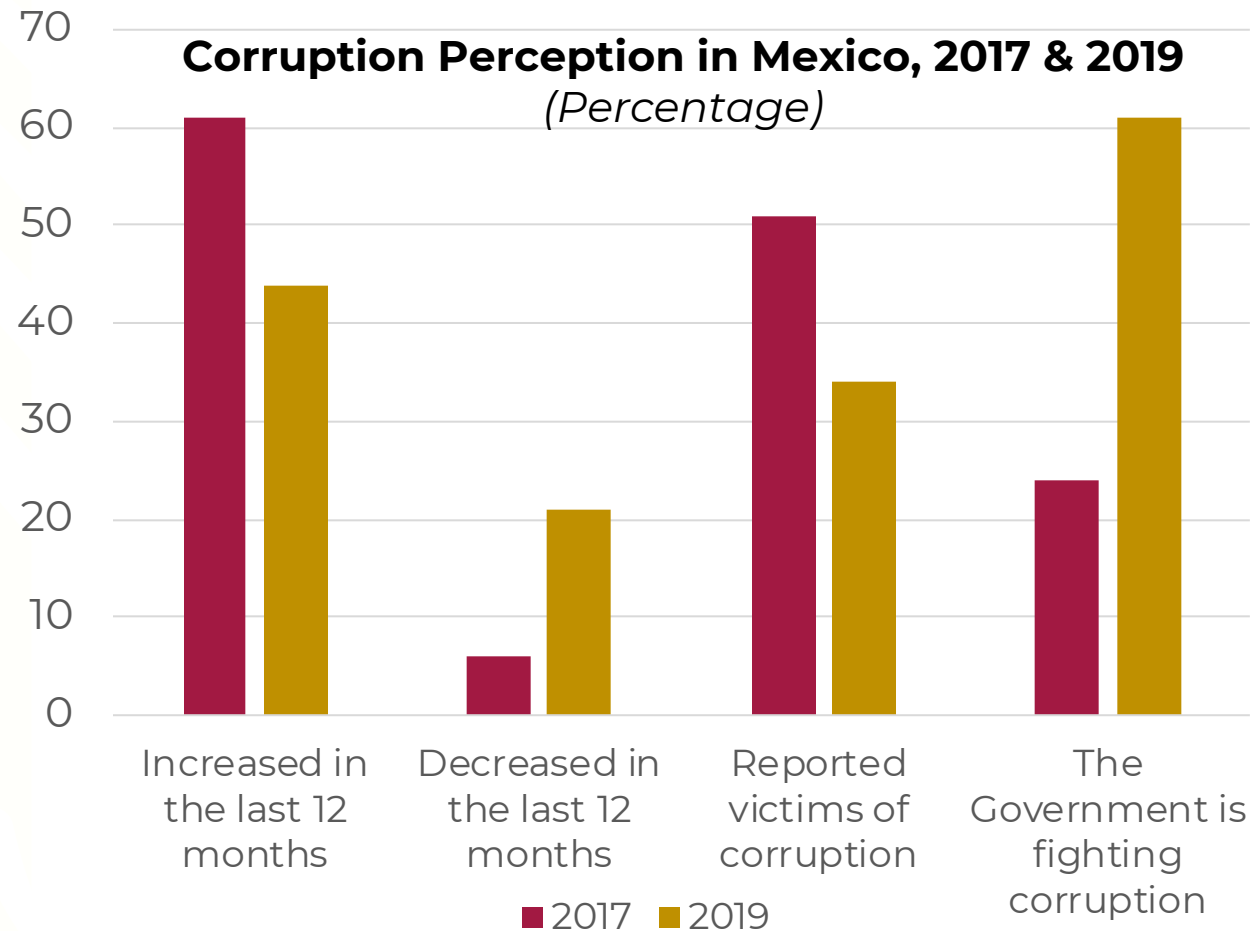


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Mexico's Socioeconomic Development At A Glance



**Inaugural SDG Social Sovereign
Bond Issuance**



Why Issuing An SDG Sovereign Bond Targeting Social SDGs In This Inaugural Issuance?

Mexico's government priority is to **reorient resources towards integral social programs**, especially health, education and ensure food security and access to essential services, ensuring continuity of the social programs over the years

Mexico has the priority to **guarantee the continuity of the 2030 Agenda over time**, creating a solid governance for planning, implementation and follow-up mechanisms as well as transforming national and subnational institutions

1

Mexico has strongly emphasized that sustainable development is an indispensable factor of **national welfare, specifically aimed at the most disadvantaged populations**

2

3

Mexico has rich subnational data and has developed **SDG federal budgetary tagging tools**, mapping in a granular fashion the federal budget against the Social SDGs

4

Benchmark for the increased demand for green/social/sustainable bonds issued by Mexican development banks and companies – **21 green, social & sustainable bonds issued in Mexico for a total amount of MXN 66,022 million***

5

Why Is Our SDG Sovereign Bond Framework Unique?



1. First SDG Sovereign Bond Framework in the world



2. The Framework combines program eligibility and geospatial eligibility (granular targeting at city level)



3. Solid and completely open governance



4. External support and validation



- The Framework provides the Government with the flexibility to issue SDG Sovereign Bonds targeting Social, Green, or Sustainable Use of Proceeds, aligned with the ICMA Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines
- The framework uses an innovating methodology for federal budget alignment to the SDGs

- Only budgetary programs targeting the most disadvantaged areas and vulnerable populations are eligible (indigenous, elderly and children)

- The methodology is public, and we invite other issuers to use and improve it
- SDG commission (National Council and Executive Committees for Compliance for the 2030 Agenda)

- The United Nations Development Program (UNDP) has provided an independent opinion on the Framework, will act as an observer of eligible expenditures selection process, and provide technical support on preparation of the impact report

Eligible Sustainable Expenditures Selection Process



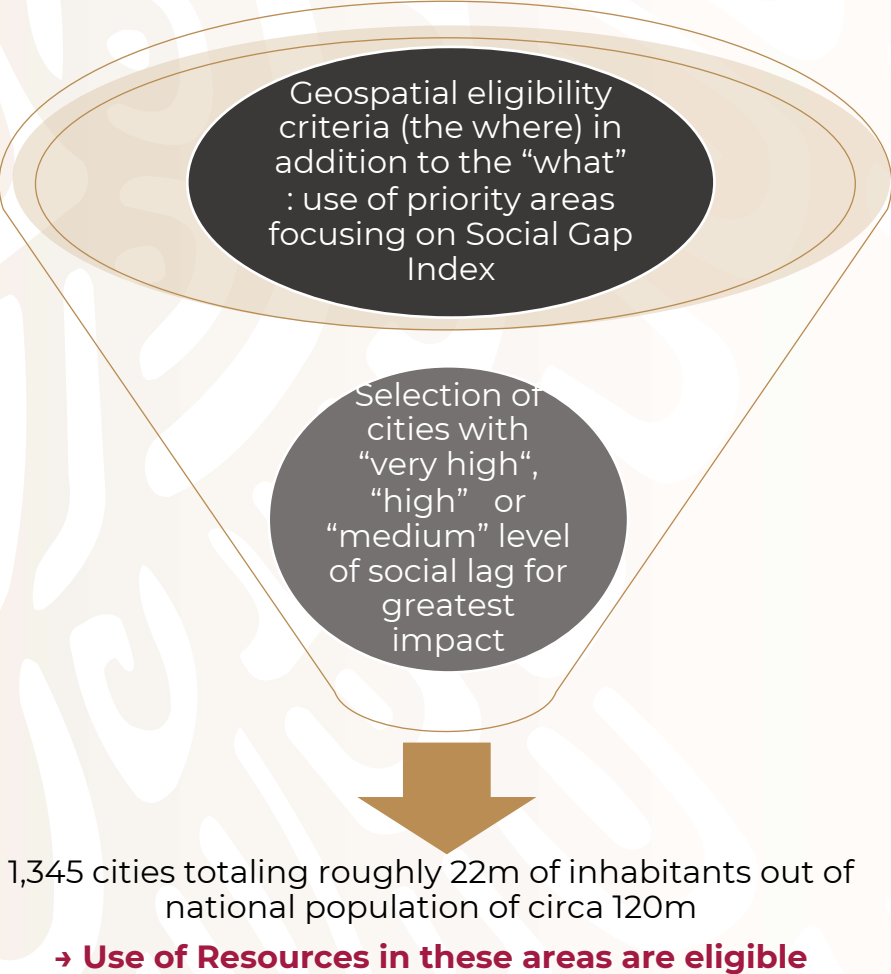
- A robust, SDG driven, decision-making process defines how Eligible Expenditures are selected











Eligibility Criteria: SDG Driven Social Geospatial Eligibility Criteria

All social expenditures are subject to a geospatial eligibility criterion to ensure they are directed towards regions in Mexico with the greatest SDG gaps (priority areas)



- ✓ The Social Gap Index is made of 11 sub-indicators
- ✓ The Data from the Social Gap Index comes from Census of Population and Housing
- ✓ It is collected every 5 years, the latest results are systematically used for the sake of this SDG Sustainable Bond Framework

Social Gap Index					
					
EDUCATION	HEALTH & SANITATION		HABITAT BASIC SERVICES		
Percentage of illiterate population aged 15 years or more	Percentage of population without access to health services		Percentage of dwellings with a dirt floor (earthen floor)		
Percentage of population aged 6 to 14 who do not attend school	Percentage of homes that do not have a toilet or bathroom		Percentage of homes that do not have drainage		
Percentage of population aged 15 years and over with an incomplete basic education	Percentage of homes that do not have piped water from the public network		Percentage of homes that do not have electricity		
			Percentage of homes that do not have a washing machine		
			Percentage of homes that do not have a fridge		

Summary Of Selected Main Eligible Categories Linked To The SDGs Under This Framework



Social SDGs:



- Production subsidies to small and medium farmers (≤ 20 ha)
- Training to small and medium farmers (≤ 20 ha)
- Free school meals
- Agricultural insurance



- Public hospitals and medical equipment
- Public health professionals support
- Provision of targeted public health programs



- Public school and educational equipment
- Educational training centers
- Educational scholarships



- Digital payment systems
- Bank branches in isolated areas
- Cultural and natural heritage centers
- Construction of infrastructure run by indigenous and afro-Mexicans
- Scholarships for employment training
- Development and maintenance of employment training centers & programs



- Development of rural roads
- Access to internet

Green SDGs:



- Public water treatment infrastructure improvement
- Hydro-agriculture modernization
- Public dam heads and structures improvement
- Projects to reduce water related hazards



- Clean energy generation and infrastructure
- Smart grids
- Energy efficiency programs



- Electrified rail transportation
- Multimodal platforms
- Bus-rapid-transit systems



- Renewable energy generation
- Energy efficiency investments in public buildings



- Sustainable watersheds management and conservation



- Sustainable forestry development
- National Parks management
- Wildlife conservation



The Inaugural SDG Bond Issuance Will Target Social SDGs



The Framework provides the Government with the flexibility to issue SDG Sovereign Bonds targeting Social, Green, or Sustainable Use of Proceeds, aligned with the ICMA Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines

■ Eligible expenditures



- Production subsidies to small and medium farmers (≤ 20 ha)
- Training to small and medium farmers (≤ 20 ha)
- Free school meals *
- Agricultural insurance



- Public school and educational equipment
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- Digital payment systems
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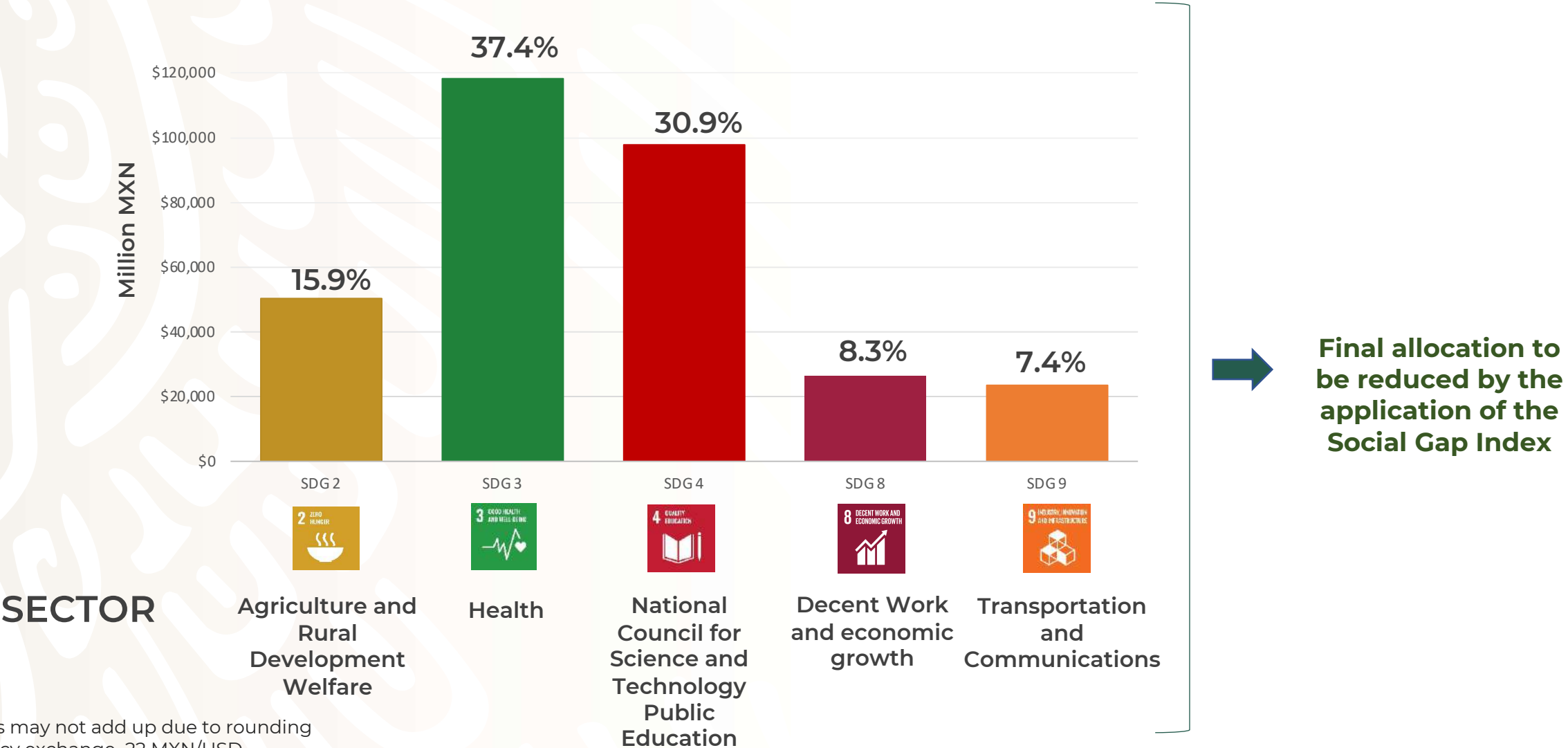


- Development of rural roads
- Access to internet *





2020 Eligible Expenditures: Breakdown By SDG And Sector (~USD \$14.3bn)



Note:

- Figures may not add up due to rounding
- Currency exchange 22 MXN/USD
- The full list of each eligible 2020 Budget Line item linked to this SDG Social Bond, including the rules of operations is provided on SHCPs website at: https://www.finanzaspublicas.hacienda.gob.mx/es/Finanzas_Publicas/Ingles



Examples Of Programs

Access Health Services For People Without Medical Coverage

Health



Diagnostic:

- Unequal distribution of the financial, physical, and human resources in public health services
- Mexico's healthcare spending as a percentage of GDP remains one of the lowest among Latin American countries, ranking in the lower bound between developed and emerging markets
- The impact of COVID-19 has intensified these gaps



Actions:

- Consolidation of health programs
- Increase coverage of health services for people without medical coverage
- Provision & distribution of healthcare equipment and services (*Seguro Popular, INSABI – MXN 72.5*)

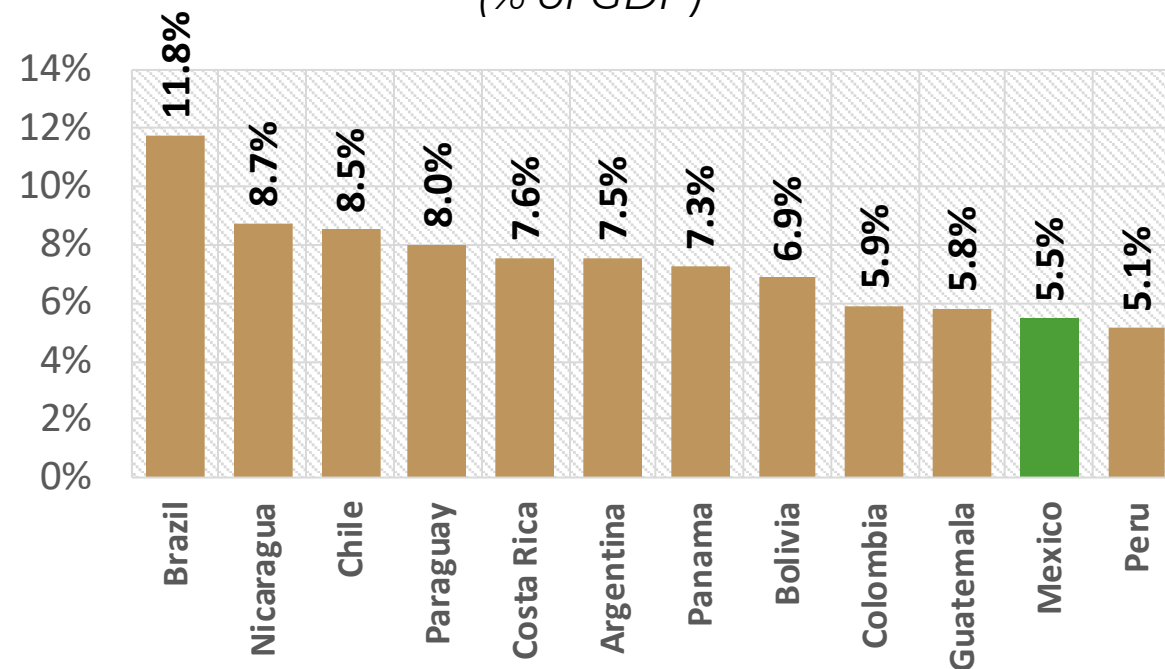


Direct SDG Contribution:



Sub-goals	
3.5	3.5
3.2	3.8
3.3	3.A
3.4	3.B
	3.C

Healthcare Spending, 2016
(% of GDP)



Source: World Bank



Increasing Access To Education At All Levels

Education

Diagnostic:

- Even though Mexico spends 5.2% of its GDP in education, its population still has a major opportunity to reach a higher percent of tertiary education
- The impact of COVID-19 has intensified these gaps

Actions:

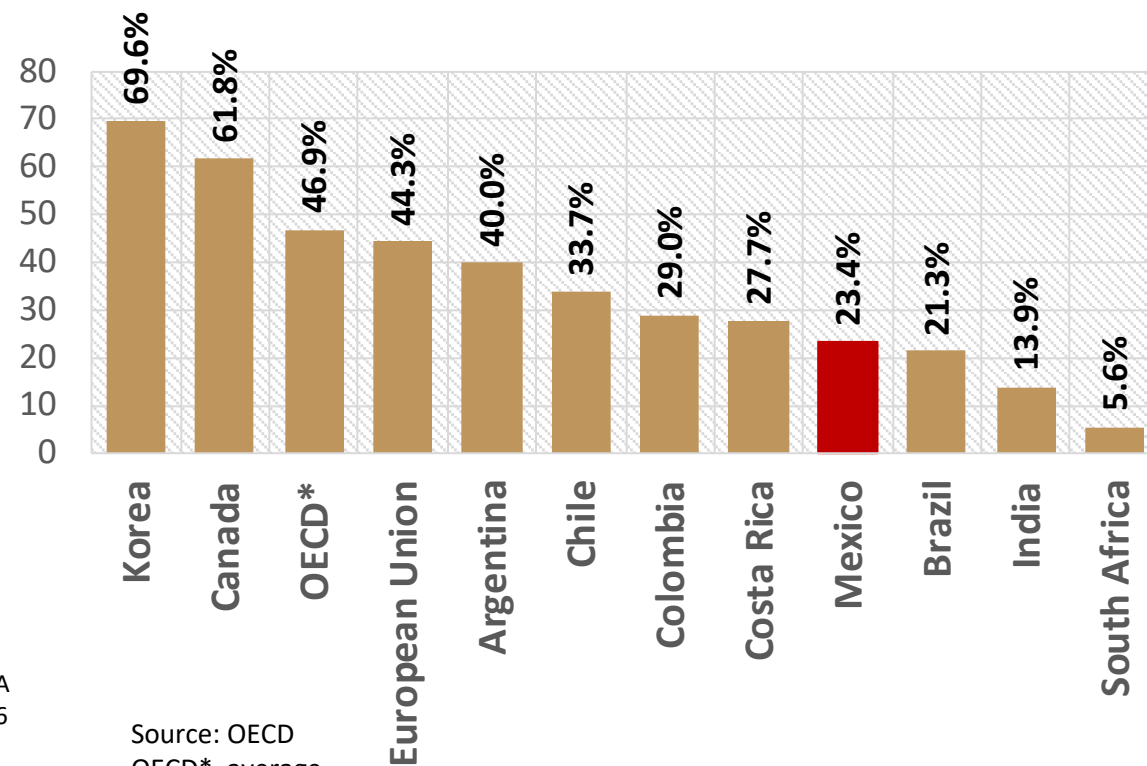
- Provide scholarships for students at all levels (*Programa de Becas de Educación Básica para el Bienestar Benito Juárez - MXN 30.5bn; Beca Universal para Estudiantes de Educación Media Superior Benito Juárez - MXN 29bn*)
- Programs for internships at companies (*Jóvenes Construyendo el Futuro - MXN 25bn*)

Direct SDG Contribution:



Sub-goals 4.A
4.3 8.6
4.4
4.7

Share of the population
(25-34 years old) with tertiary education
completed, 2018 (%)





Increased Connectivity & Job Creation In Rural Areas

Connectivity and Rural Roads



Diagnostic:

- Remote rural areas lack connectivity and access to essential services
- In addition to insufficiently trained staff, a shortage of resources as well as budget constraints severely inhibit Mexico's ability to expand connectivity within rural areas



Actions:

- Development of rural roads to conserve and maintain existing rural road infrastructure to increase connectivity for municipalities lacking road infrastructure and to improve infrastructure resilience (*Conservación de infraestructura de caminos rurales y carreteras alimentadoras – MXN 7bn*)



Direct SDG Contribution:



Sub-goals
3.6
9.1



Increase Welfare And Developing Rural Agrarian Communities



Welfare and Effective Agrarian Production (Sembrando Vida)



Diagnostic:

- High correlation between areas of large biodiversity and areas with the highest rates of poverty and underdevelopment levels
- Lack of institutional programs that aim to increase the level of well-being of rural households and satisfy their basic food needs



Actions:

- Strengthen institutional programs and subsidies which establish effective agrarian production systems to ensure the generation of new employment and increase production yields
- Provide free public-school meals
- Provide universal insurance coverage for small producers to cover losses resulting from climate-related events
- Sembrando Vida (MXN 28.5 bn)



Direct SDG Contribution:



Sub-goals

2.3
2.4
2.5
2.A



Financial Inclusion As A Driver Of A Dynamic And Inclusive Economic Growth



Financial Inclusion (Banco del Bienestar)

Diagnostic:

- Financial inclusion in Mexico is behind levels seen in other countries with similar characteristics. In 2017 only 37% of the adult population has a bank account, versus 70% in Brazil and 80% in India
- Cash is still the main means of payment

Actions:

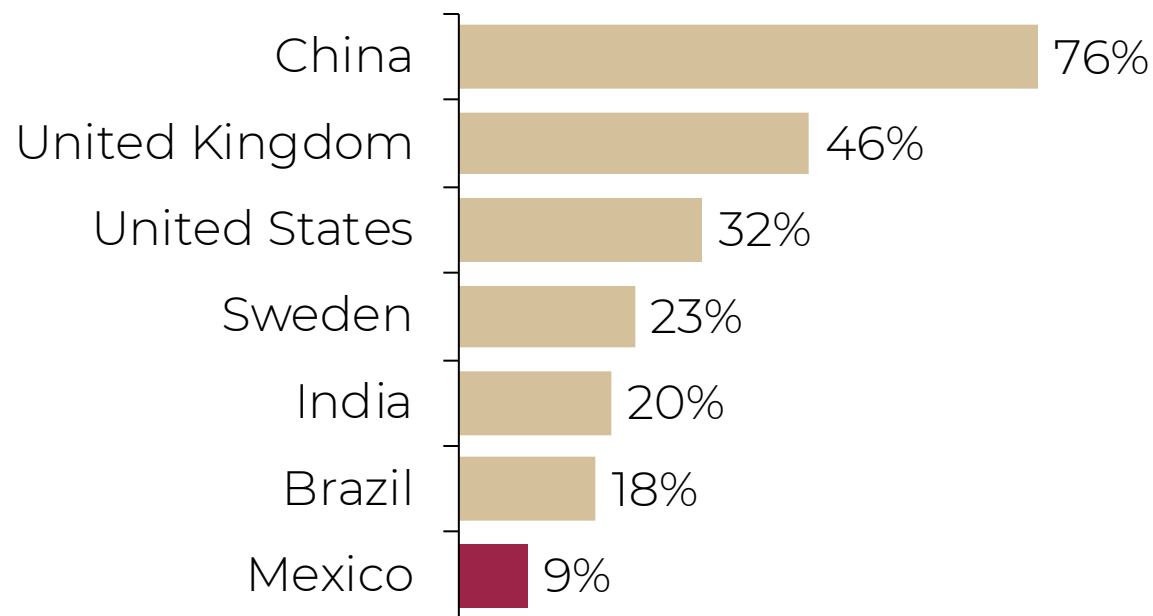
- Build up 2,700 more branches of Banco del Bienestar (Mexico's Development Bank) in rural and remote areas
- Tools to strengthen financial knowledge and protect consumers, including the new FinTech law and various regulations
- Disbursement of social programs benefits through debit accounts
- *Inclusión Financiera –Bancos de Bienestar (MXN 476m)*

Direct SDG Contribution:



Sub-goals
8.10

Card payments, 2016 (% of GDP)



Source: ENIGH 2018

Reporting



Allocation Reporting

To be annually provided during and until the amount of budgetary resources expended on eligible expenditures equals the total amount of the net proceeds of the SDG Bond

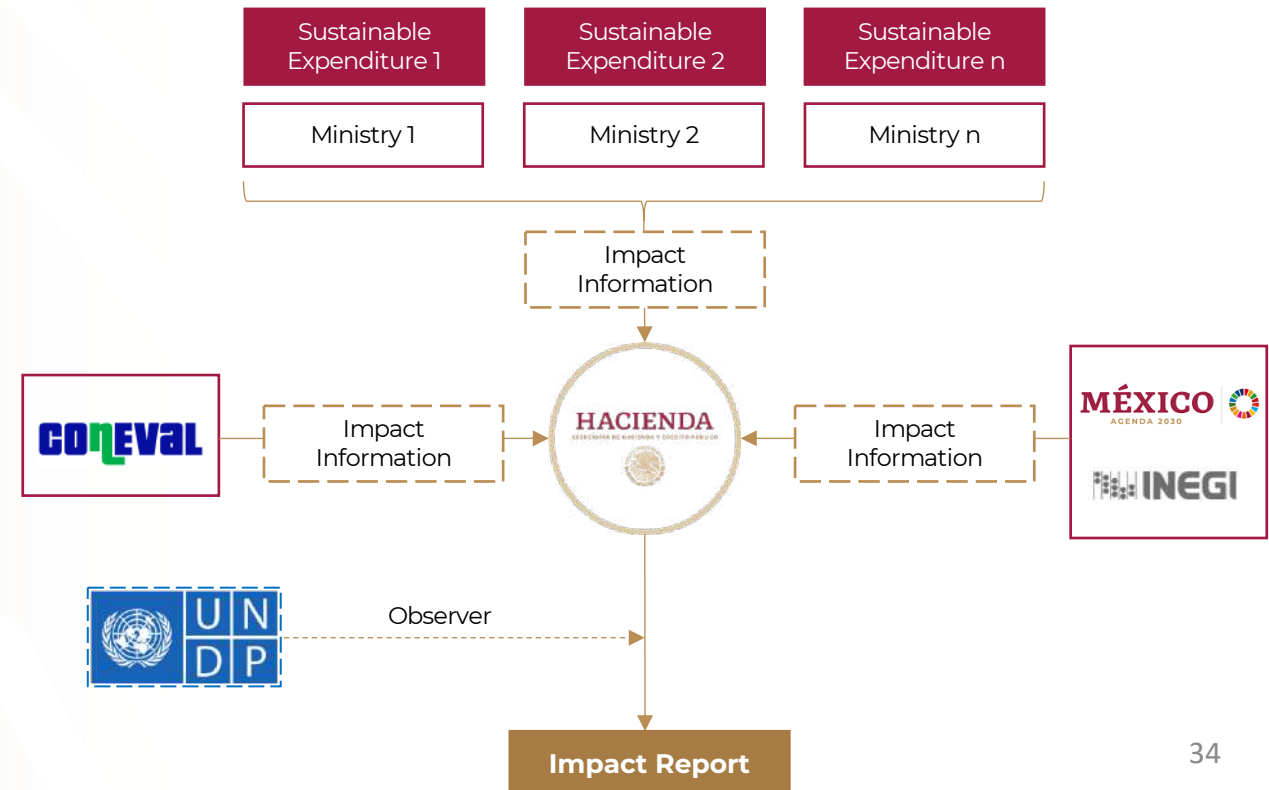
- Description of the eligible expenditures undertaken; including, if applicable, the relevant geospatial criteria as defined above in the Framework;
- Amount of budgetary resources allocated to each of the Eligible Sustainable Expenditures, including, if applicable, the percentage of resources allocated to meet the geospatial criteria;
- Type of budgetary expense;
- Any co-financing share of the eligible expenditures, if applicable
- Remaining balance of any unallocated proceeds and the nature of the proceeds, if applicable.

This report will undergo an independent external audit by *Auditoria Superior de la Federación* – the independent external auditor of the Chamber of Deputies. The audit will also include the compliance of the Eligible Sustainable Expenditures with the eligibility criteria and process defined in this Framework

Impact Reporting

- To be provided on the expected social impacts of the Eligible Sustainable Expenditures
- Due to the impact of COVID-19, the first year's Impact Report is expected to only be able to provide Output Indicators due to the lag in gathering the required inputs for the provision of Outcome Indicators

Impact Reporting Process





Second Party Opinion

Mexico has obtained a Second Party Opinion from Vigeo Eiris to confirm the alignment of Mexico's SDG Sovereign Bond Framework with the ICMA Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines



Second Party Opinion on Mexico's SDG Sovereign Bond Framework

“Vigeo Eiris is of the opinion that the SDG Sovereign Bond Framework of Mexico **is aligned with the four core components of the Green Bond Principles 2018 and the Social Bond Principles 2018**. We express a reasonable assurance (our **highest level of assurance**) on the Issuer's commitments and on the contribution of the contemplated 2020 Bonds to sustainability

By creating a Framework to issue SDG Sovereign Bonds intended to finance Eligible Expenditures related to food, healthcare, education, water and sanitation, energy, employment, infrastructure, transport, and biodiversity, the Issuer coherently aligns with its sustainability strategy and commitments and addresses the main governmental issues in terms of action to bridge the SDG gap”

UNDP's Opinion Of Mexico's SDG Sovereign Bond Framework



- An unprecedented governance: apart from a pre-issuance opinion, and as enshrined in the Framework, the UNDP has agreed to act as “an observer to the impact report” and to provide guidance to Mexico in its production
- Overall opinion: The United Nations Development Programme is of the view that this framework is aligned with the principles and objectives of the Sustainable Development Goals
- UNDP recognizes that being asked to act as an observer and comment on the SDG Sovereign Bond Framework's alignment with the SDGs is evidence of Mexico's commitment towards implementing innovative mechanisms to achieve the 2030 Agenda, following the highest international standards

A landmark in the emergence of SDG Finance

- The issuance of Mexico's SDG Sovereign Bond Framework represents an important step towards **creating a market for SDG investments**
- The **first of its kind**, this Framework has the potential to **open the way for other Governments to tap into the private capital market to finance public SDG-related programs**
- It also establishes a benchmark to guide the development of private sector capital markets

Additionality: Advancing Mexico's commitment towards the SDGs

This Framework has the potential to advance Mexico's commitment towards the SDGs in three areas:

1. Strengthening **budget transparency: completely public alignment methodology**
2. **Increasing the amount of resources** earmarked towards sustainable social development policies
3. Supporting the **development of capital markets to finance sustainable development** at the national and international level”

Relevance of geospatial eligibility criterion and proposed indicators

- The **Social Gap Index** is a robust selection methodology
- The use **of the Social Gap Index** to define **eligibility and sub-regional targeting** (geospatial criterion to ensure proceeds are used in areas that are lagging the furthest behind), **the proposed indicators**, and the **defined exclusions** for screening expenditures, further supports the aim of selecting expenditures in accordance with the SDG.
- Of the 43 proposed indicators 41 are aligned with actual indicators, 2 are partially aligned with actual indicators

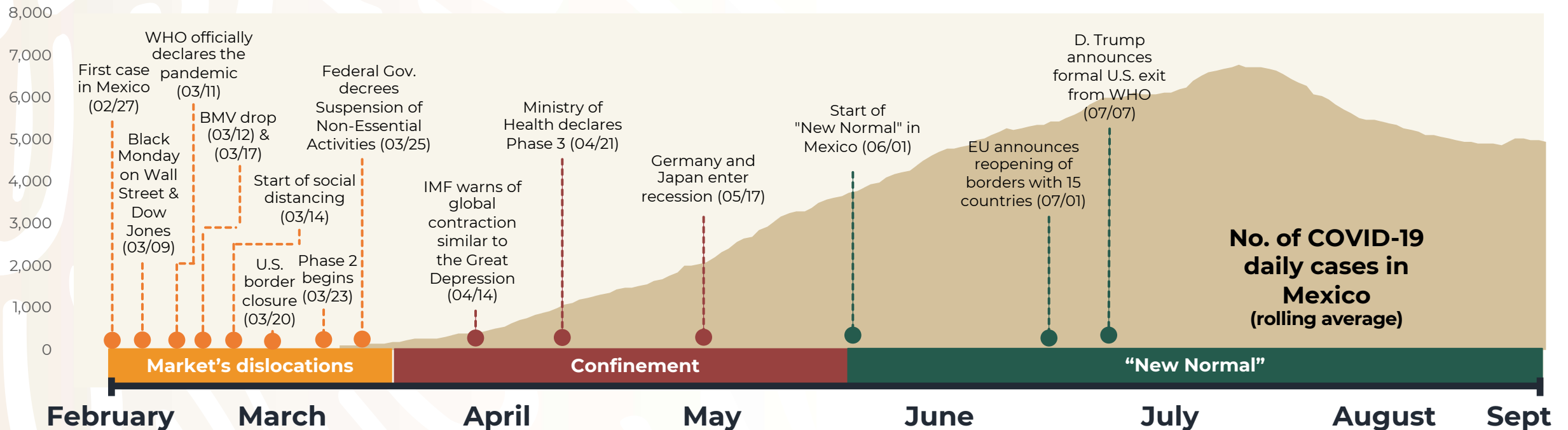
Openness for for improvement through collaboration

- It is important to acknowledge the scope and limitations of the mechanisms available to link potential impact, outcomes and benefits to actual expenditures. The complexity and interconnectedness of the SDGs pose recognized methodological challenges to unequivocally link budgets and expenditure to actions and indicators
- The invitation to the UNDP to advise the SHCP in drafting the report is an added **quality control mechanism** that the SHCP is undertaking to signal its **commitment to quality reporting in terms of alignment with the SDG**

ANNEX

Timeline Of Economic Measures In Response To COVID-19

- Health and economic policy decisions have evolved along the trajectory of the disease
- During this time, the Government of Mexico has taken measures that prioritize the health and wellbeing of the population, especially the most vulnerable groups and it has also implemented several actions addressing the economic and financial issues arising from the pandemic
- As a consequence, the Government of Mexico is now focusing on measures that promote a sustained economic recovery, without affecting the fiscal balance



Timeline Of Economic Measures In Response To COVID-19

		Market's Dislocations		Confinement		"New Normal"			
		February	March	April	May	June	July	August	Sept
		Response to market's dislocations (14 measures)		Maintaining access to financing and providing liquidity (36 measures)		Coordination for recovery (11 new measures)			
GOAL		<ul style="list-style-type: none">Stabilization of market's volatility.Promotion of orderly behavior of financial marketsProvision of liquidity to financial markets		<ul style="list-style-type: none">Ensure that the most vulnerable groups receive an income. This, in addition, incentivize consumptionIncrease the availability of loanable funds to companies and householdsSupport to the stability of the financial system		<ul style="list-style-type: none">Reinforce liquidity in the capital marketsEmployment generationStimulation of economic activity in the short termEncouragement of investment			
	MEASURES	<ul style="list-style-type: none">National currency exchange hedgingGovernment securities swaps		<ul style="list-style-type: none">Boost of social programsCredits and guarantees for households, businesses, financial intermediaries and investors.More timely delivery of resources to states and municipalitiesImprovement and expansion of housing programsSwaps and term extensions for individuals and financial institutions		<ul style="list-style-type: none">Government securities cross swap & securities auctionsEnhancement of credit through the Development Bank InstitutionsReopening policyDevelopment of private infrastructure projectsContinuity of strategic projectsImplementation of digital actions for businesses and investors			

Economic Package Project 2021, Ensures Continuity Of Current Social Policies

Faced with the unprecedented challenges in health and the economy facing Mexico and the world, the principles that govern the 2021 Economic Package Project are:



Prioritize the health and well-being of the population, particularly the most vulnerable groups



Promote a rapid and sustained reactivation of employment and the economy








Guarantee a more efficient spending policy focused on inclusive and egalitarian development



Maintain sound public finances and ensure prudent management of public debt with a long-term perspective

Macroeconomic Assumptions 2020-2021

For the estimates of public finances, a macroeconomic framework built with the best information available is used

	2020	2021	
 GDP Growth	-8.0%	4.6%	Consistent with the orderly reactivation in process of the foreign and domestic markets, which is expected to continue next year
 Oil Price	34.6 dpb	42.1 dpb	Congruent with a more stable sector but still in recovery during the rest of the year and in 2021
Oil Production	1,744 mbd	1,857 mbd	
 Exchange Rate (closing)	22.3 MXN/USD	21.9 MXN/USD	In line with the greater stability observed in financial markets. For the end of 2021 it is estimated at 21.9 pesos / dollar
 Inflation (dec/dec)	3.5%	3.0%	In accordance with the monetary policy objective of Banco de México
 Interest Rate (average)	5.3%	4.0%	Consistent with the evolution of inflation, well-anchored expectations and economic conditions

Economic Package Project 2021: Remarks

- The 2021 Economic Package Project provides a platform to funding services, programs and projects that protect the health and well-being of Mexicans whilst supporting national economic recovery
- Reassurance that the Government will maintain its commitment to not increase existing taxes or create new ones. Instead, taxpayer compliance will be encouraged
- Health spending is strengthened to continue fighting against the COVID-19 pandemic and to offset the sector's deficit accumulated over the years
- Social investment will help in the short-term to maintain household spending and will serve as a venture in human capital in the long-run
- Public debt financing will be conducted in a responsible manner, in order to preserve macroeconomic stability and to guarantee the availability of resources for future generations

¡Muchas gracias!



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