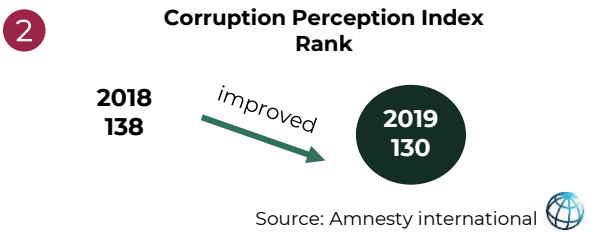
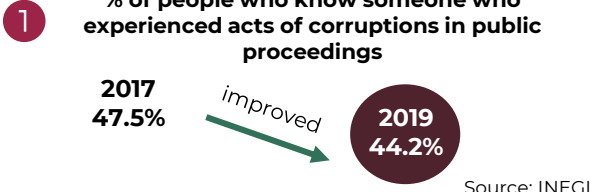




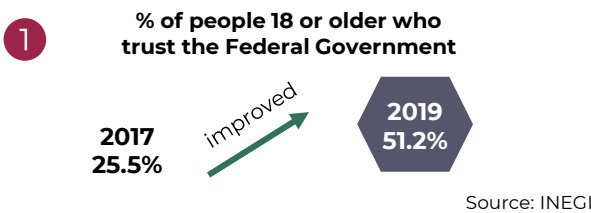
# Governance Improvements

## Control of Corruption



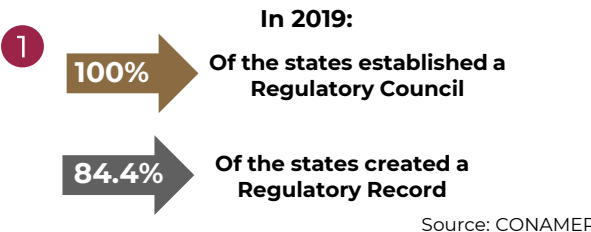
- The Federal Austerity Law (2019) states that public officials are required to separate from economic interests related to their job responsibilities.
- Declaration of interests and assets for public officials is mandatory according to the 2018-2024 National Peace and Security Plan to reduce incentives for bribery and corruption.
- Development of a platform for "Internal and External Corruption Whistleblower Citizens" that serves to alert acts of corruption in which federal public servants are involved.
- Between January and August 2020, crimes committed by public officials decreased by 19.5% compared with the same period in 2019.
- In 2019 tax fraud for amounts higher than 8 million pesos was recognized by the law as a national security threat and tax amnesty was eliminated.
- In 2019, Mexico's ranking in the Control of Corruption indicator (WGI) improved from 19.2 to 22.6.

## Rule of Law



- In Dec 2018, the Constitutional Autonomy of the Prosecutor's Office was established which provides tools against any influence of the government on the courses of investigations and the exercise of penal actions.
- The USMCA brings back certainty to trade operations and investment. It will accelerate the modernization process in Mexico with the new chapters on anti-corruption, intellectual property rights, and improvement of dispute resolution mechanisms.
- The Labor Law Reform (2019) will speed up labor litigations. Lawsuit resolutions will be processed in less than 6 months. Mandatory settlement will be applied before resorting to trial. This proceeding attempts mutually agreeable resolutions which will imply a decrease in legal fees for firms.

## Regulatory Quality

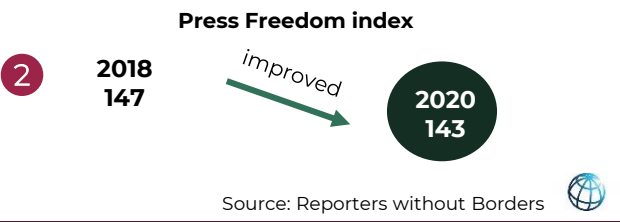
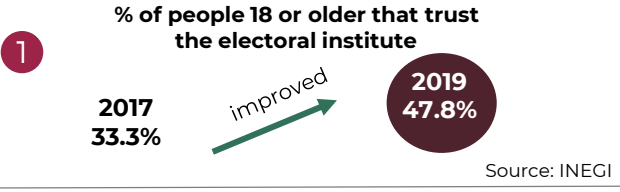


- The National Strategy for Regulatory Improvement guidelines (2019) foster a faster business set-up system and a state and municipal Registry of Procedures and Services. We expect a steady rise in indicators that measure Regulatory Quality at the national and local level.
- The National Observatory of Regulatory Improvement (2019) coordinate efforts from public, social, private, and academic experts to strengthen and monitor regulatory efficiency.
- The National Commission for Regulatory Improvement guarantees the principles and standards of the procedures and services for regulatory improvement and economic efficiency of the Federal Public Administration through six different certificates.



# Governance Improvements

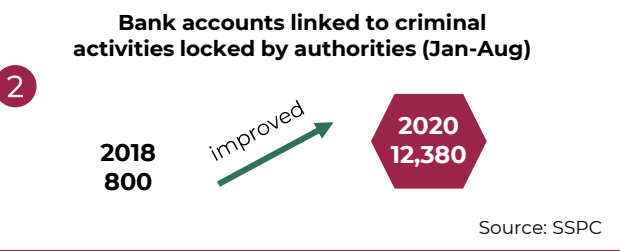
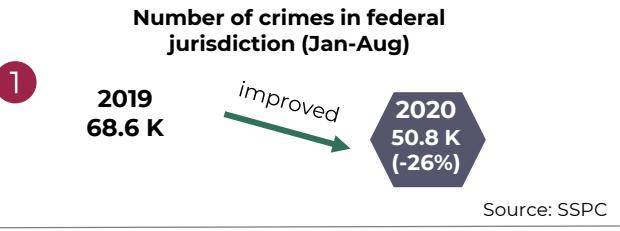
## Voice and Accountability



- To increase accountability and bolster voter confidence in elections, the National Electoral Institute budget increased 56% in 2021.
- As of Aug 20 President Lopez Obrador has held 435 morning press conferences with an average duration of 1.7 hours. 2/3 of the conference is dedicated to answer questions and comments from journalists of all types of background from small digital media to large national newspapers.
- The number of electoral crimes was reduced by 24.3% in 2020 Y/Y, in the period of January to August (SSPC, 2020).
- Spending of government official advertisement was decreased in 2019 to 0.013% of GDP from 0.039% in 2018 (0.048% in 2017 and 0.051% in 2016), reducing incentives for media bias and enhancing freedom of expression.



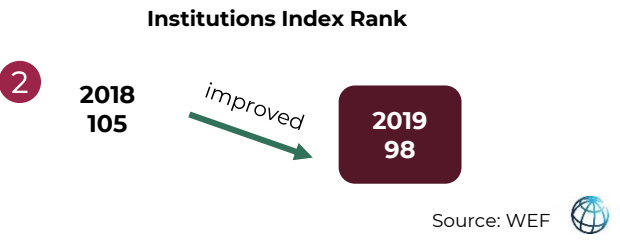
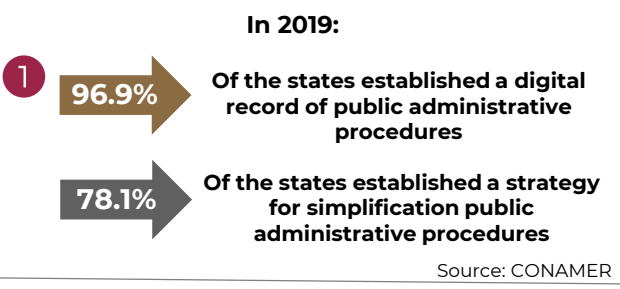
## Political Stability and Absence of Violence



- In 2019 the number of homicides decreased by 209 victims; it is the first time since 2014 that this type of crime decreases.
- From January to August of 2020, the number of victims of homicide decreased in 21 of the 32 states compared to 2019. During the same period, the number of cases of kidnapping has decreased by 39% and the number of financial crimes has decreased by 38%.
- Total theft figures went from an average monthly increase of 0.4% between 2015 and 2018 to an average decrease of 1.3% so far during the current administration.
- The % of the population that consider their city unsafe decreased from 76.8% in 2017 to 71.3% in 2019.
- Scholarships and programs such as "Youth building the future", which provides direct transfers to the NEET population when they become employed, could explain the reduction of 5 percentage points (pp) on the presence of gangs, 7.7 pp on vandalism, and 4.1 pp on assaults and robberies from March 2018 to March 2020, according to INEGI.



## Government Effectiveness



- As of 2019 the federal government has a progress of 86% in the different dimensions of the National Strategy of Regulatory Improvement, including the use of e-government tools like a digital registry for public administrative procedures.
- At a subnational level, as of 2019 96.9% of states have a digital registry and 78.1% have a simplification strategy for public administrative procedures.
- The government strategy against theft of fossil fuels has brought savings to the public finances of MXN \$106.3 bn from December, 2018 to September, 2020. This adds to savings of MXN \$7 bn from preventing the take over of toll booths.
- The government has put in place several measures to improve the efficiency of tax collection, including simplified VAT collection frameworks for compliance of outsource employees and workers of digital platforms.
- Due to improvements in tax collection efficiency in 2019, the volume of revenues of fiscalization acts vs their costs increased by 80%.
- Between January and August 2020, tax crimes were reduced by 4.5% compared with the same period in 2019.