Country Strategy Note
May 2017

Natural Resource Governance Institute

Mexico

EXECUTIVE SUMMARY

Since President Lázaro Cárdenas nationalized Mexico's oil industry in the late 1930s, state-owned oil company Petróleos Mexicanos (Pemex) has had a monopoly on exploration and extraction and has been seen as a symbol of the country's nationalism. In recent decades, oil production has been one of the most important sources of public revenue and exports in Mexico, generating 33 percent of government income and 20 percent of exports in 2013.

While Mexico has been and remains one of the top producers in the world, oil production and exports have declined. Fields that have been exploited for decades have been depleted. Domestic energy consumption has risen. During this period, Pemex, treated as a source of national budget revenues, has been denied resources to make needed strategic investments to sustain adequate production levels. Additionally, the recent collapse of oil prices in international markets has meant a substantial decrease in oil's contribution to the national budget.

In response, the administration of President Enrique Peña Nieto has, since 12 August 2013, promoted energy sector reform in order to attract private investment to recuperate production levels, reinforce export capacity, generate oil revenues and ensure internal market supply is solid. For Mexico, this is a very big step: it means a drastic departure from the oil and energy policies established in the 1940s, which determined the state monopoly over oil and energy production, as well as generation and commercialization. Most visibly, Mexico's government has successfully awarded 39 oil contracts to private investors, opened the gas distribution market and started lifting energy subsidies.

The path to private investment in oil and energy has not been smooth. There has been strong opposition and heated debates in congress, the media and the streets. Supporters of the reform have argued it is an indispensable step to recuperate production levels and rent capture and to provide consumers with cheaper energy. Critics have denounced it as a sellout to the private sector at the expense of national interest and consumers. The recent hike in the cost of gasoline has reignited this debate—lowering gas prices was one of the reform's promises.

This country strategy note articulates NRGI's approach in Mexico from 2016 to 2018, particularly with respect to energy sector reform, with the aim that citizens benefit from the reform and continued exploitation of non-renewable natural resources.

ABOUT THIS DOCUMENT

This country strategy note summarizes an NRGI analysis of country context and reform priorities. It also outlines NRGI's engagement in Mexico, complementing the work of other actors. Developments will naturally affect the assessments and objectives described herein. Updates to this synopsis may be made as events require.

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CONTEXTUAL ANALYSIS

As passed in late 2013, the energy sector reform contains five key elements. Changes to Articles 25, 26 and 25 of the constitution allow for private investments along the hydrocarbon value chain. Pemex and the public energy company CFE gain autonomy and are able to run operations or make contracts (e.g., Pemex will be able to sign production sharing contracts and utility sharing contracts) independent of the central government. An "oil trust" funded by oil reserves equivalent to no less than 4.7 percent of Mexico's GDP will be created and managed by the Banco de México, the country's central bank. Oil worker union members, who previously had two seats on the Pemex administrative board, will be removed from the body and have no further say in the company's management. Acquired workers' rights (working conditions, salaries), meanwhile, will remain untouched. New regulatory agencies, such as the National Center of Natural Gas and the National Agency of Industrial Security and Environmental Protection of the Hydrocarbons Sector, were created. Finally, the pre-existing Energy Regulatory Commission (CRE) and National Hydrocarbons Commission (CNH) will increase their enforcement powers.

During 2014, existing laws were modified and secondary laws were approved to support and implement energy reform. The most important of these so-called "second generation" laws, which have deep implications in extractive industries governance, are:

New laws	Reformed laws
Hydrocarbons Law	Foreign Investment Law
Electric Industry Law	Mining Law
Energy Regulators Law	Public-Private Partnerships Law
Pemex Law	Public Federal Administration Organic Law
Federal Electricity Commission Law	Federal Parastatal Entities Law
National Agency of Industrial Security and Environmental Protection of the Hydrocarbons Sector Law	Public Acquisitions, Leases and Services Law
	Public Sector Works and Services Law
Geothermal energy Law	National Waters Law
Hydrocarbons income Law	Federal Budget and Accountability Act
Mexican Petroleum Fund Law	Public Debt Law
	Fiscal Coordination Law

Under the new legal framework, the Energy Secretariat is in charge of public policy and technical decisions; the CNH becomes a semi-autonomous entity in charge of all activities regarding contracts; the Economy Secretariat handles de the oil fund and determines fiscal policy; and Pemex remains state owned, but must compete with private sector companies under market conditions.

After four bidding processes, private companies have been allocated 39 contracts. Most of these projects need to undergo exploration and development to reach production. In the absence of concrete results, the predominant attitude among citizens seems to be one of "wait and see."

In NRGI's 2013 Resource Governance Index, Mexico received a "satisfactory" score of 77, ranking sixth out of 58 countries as a result of high scores on all components (except "enabling environment"). According to the index, Mexico's extractive resources are governed by a strong legal framework, leading to a "satisfactory" score of 84.

Finally, it is important to highlight that Mexico is an active member of the Open Government Partnership (OGP) and is working on a request to be admitted to the Extractive Industries Transparency Initiative (EITI) as a candidate country by end of 2017. Naturally, concerns are being raised about the relations between new foreign and Mexican oil companies being set up to participate in the bidding processes with local political and business elites. There are also specific concerns regarding Pemex's handling of contracts with private service providers, an issue recently highlighted due to alleged corruption in large infrastructure contracts signed with Brazilian construction giant Odebrecht.

OVERVIEW OF MEXICO'S EXTRACTIVES SECTOR REFORM

Oil, gas and Pemex

Pemex has been impacted by the energy reform in many ways. Before the reform, Pemex had a monopoly over oil and gas reserves. With the reform, a preliminary allocation process—known as Round Zero—was organized so that Pemex could retain a number of conventional sites. Pemex will now need to compete in bidding processes. It can also establish investment alliances with private sector companies, and it has started to do so. Pemex's strategy is to continue to directly exploit low-cost conventional prospective oil sites already in production and partner up elsewhere.

The reform has also provided Pemex with greater autonomy and less tax load. Still, the new reform does limit Pemex's flexibility in some ways. Before Round Zero, for example, the oil company had to revert much of its prospective exploratory areas to the state. Particularly in downstream, the new framework substantially reduces its participation in the natural gas sector. Separately, Pemex now has debt ceilings and caps on the salaries it pays its employees.

A five-year auction schedule is in progress. From 2014 through December 2016, the CNH awarded five concessions in the first two rounds and 24 in the third one. In December 2016, eight more were granted in the fourth round. The same auction procedures and transparency standards were used for the allocated oil blocks during Round Zero and the following bidding rounds.

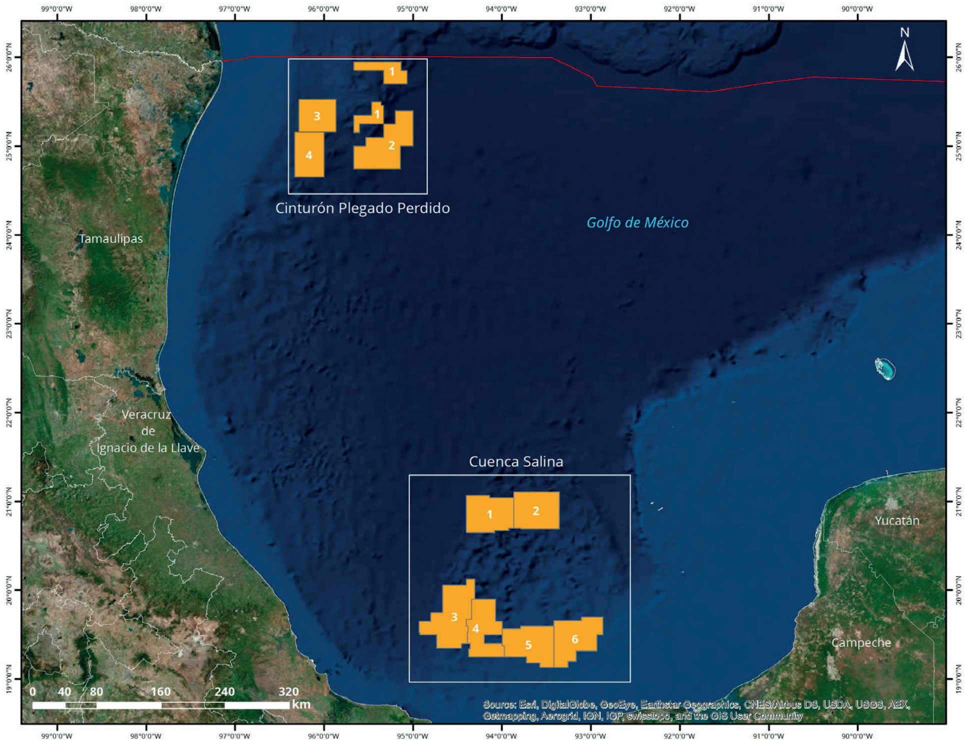


Figure 1. Deep sea auction blocks of the first bidding round (Ronda 1)

Source: http://ronda1.gob.mx/l04-ap-bloques/

After the winners of the bidding processes have are selected, CNH is responsible for managing the contracts and ensuring company compliance with terms.

Mining

The Mining Law of 1992 grants companies to which concessions have been allocated broad powers to conduct exploration and extraction. Article 6 of the law indicates that mining activities will be considered as a "public utility" and that mining has "preference over any other use of the land."

Concessions are granted for a period of 50 years and may be extended for another 50 years. Concessions are freely transferable between individuals—as a result there is an unregulated concessions market. A concession may also be divided or reduced at will and two contiguous concessions may also be unified freely.

Currently, over 13 percent of Mexico's territory is under concession.

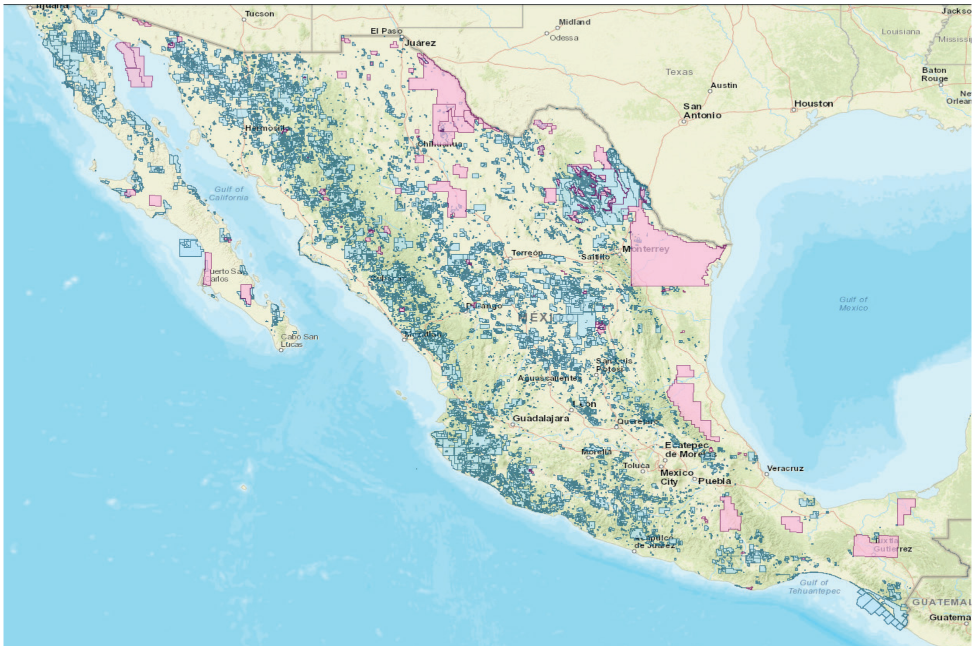


Figure 2. Current mining licenses and *asignaciones* as of May 2017

Source: Economy Secretariat (www.siam.economia.gob.mx)

The North American Free Trade Agreement in 1994 signaled an opening of the Mexican economy and was followed by unprecedented growth in mining activity. This was driven by the privatization of the main active mining companies in Mexico; the opening of the sector to foreign capital; and a regulatory framework that minimized government intervention.

The mining tax regime was quite lax: the combined contribution of the royalties, rights and uses paid by companies was not significant. It must be noted that it is not possible to access information on the specific payments made by companies because that information is protected by Article 69 of the Fiscal Code. In addition, there is also the confidentiality clause in Article 7 of the Mining Act which prevents information regarding the volume of ore extracted and processed to be made public.

In 2014, along with energy reform, congress approved a tax reform that considers three new payments by mining companies, along with the creation of a new sustainable development fund to channel part of these resources to municipalities and states with mining activities.

These new payments are the Special Right on Mining, equivalent to 7.5 percent of profits; the Extraordinary Right on Mining, equivalent to an additional .5 percent on profits of the mining companies that extract precious metals such as gold, silver and platinum; and an additional duty charged biannually to companies whose mining concessions remain idle.

According to the Federal Bill of Rights, the total raised is shared between the federal government and the fund, with 20 percent going to the former and 80 percent to the latter.

STAKEHOLDER OVERVIEW

Civil society

Mexico has a well-organized and vibrant civil society. There is abundant activism around human rights, civil rights, the rights of minorities, political rights, the environment, transparency, public budgets, indigenous peoples, religious freedoms, sexual orientation and minority rights. The growth of Mexico's civil society organizations (CSOs) has been explained as a response to neoliberal reforms started in the 1980s, which weakened the state and opened the space for autonomous social organization and mobilization.

There is no officially recognized number of CSOs, with figures varying depending on the source. The number must be somewhere around 20,000 legally registered organizations. Over 7,000 are legally registered to solicit and receive donations.

Source	INDESOL		Technical Secretariat for Civil Society Organization Development	SHCP-SAT	CEMEFI
Year	**2010**	**2010**	**2012**	**2012**	**2013**
Criteria	General estimate	CLUNI registered	CSO Federal Registry	Directory of authorized grantees	Directory of philanthropic institutions
Total	40,000	12,782	19,283	7,320	23,277

Table 1. Total number of civil society organizations in Mexico as of 2013

Source: Luz Fabiana Castañeda, UNAM (http://congreso.investiga.fca.unam.mx/docs/xviii/docs/16.14.pdf)

Regarding the extractive industries, national organizations such as the national chapter of Transparency International in Mexico have focused (as the name suggests) on transparency matters, playing a leading role in EITI and OGP. Others, like Fundar, have combined an emphasis on transparency with an interest in environmental and social impacts and indigenous people's consultation rights. Organizations like PODER have homed in on the relationship between private sector companies and the state. Think tanks like IMCO and CIDE have a more technocratic profile and tend to engage government as independent experts for consulting and technical assistance. Others like ALCOSTA operate only on a regional and/or local basis and see the extractive industries through the lens of human rights, indigenous people's rights and environmental concerns.

It is also important to highlight that these CSOs have diverse thematic priorities and political viewpoints regarding the roles of natural resources and the well-being of the population.

Private sector

Mexico's private extractive companies are organized in two sector guilds.

In the mining sector, over 120 companies are associated in the Cámara Minera de México (Camimex). Camimex has expressed a firm commitment to participate in EITI, accepting the "full disaggregation" standard established in the 2013 EITI conference. In the hydrocarbons sector, over 40 companies are members of the Asociación Mexicana de Empresas de Hidrocarburos (Amexhi), which has also signaled its EITI support.

As mentioned above, the bidding processes launched by CNH have spawned a surge of interest from new oil companies. There are concerns that politicians behind the energy reform might now be trying to participate in the process. This gives efforts toward beneficial ownership disclosure added urgency.

NRGI has identified alternative media outlets such as Animal Político and SinEmbargo.mx that have an interest in the extractive industries and are willing to engage in independent critical investigative reporting and in capacity building for journalists. These news organizations already collaborate with our civil society counterparts. Both are ready to explore possible areas of collaboration with NRGI.

Parliamentarians

Since 2014, congress has played a critical role in the debate, passing energy and fiscal reform bills, including transparency and accountability provisions. The Institutional Revolutionary Party (PRI, the party in government) and the National Action Party (PAN), along with the smaller Green Party, made up the congressional majority in favor of the reform. The opposition came from the Party of the Democratic Revolution (PRD) and coalitions of civil society activists.

The question now is if and how the congress exerts its oversight mandates, and if NRGI can provide them with the technical assistance to do so. In the past, NRGI counterpart Fundar worked with congress to ensure transparency provisions were incorporated in Pemex governance reforms. NRGI must further explore this.

Executive branch

The Mexican government has pushed for the energy and tax reforms to inject private capital in the oil sector in order to recuperate levels of production and capture more rent from oil, gas and mining. There are diverse institutions in charge of the various components of the reform. We have engaged two of these institutions: the Hydrocarbons Sub-Secretariat (SSH) of the Energy Secretariat (SENER) and CNH.

SSH is the focal point for the EITI process and has been a champion of transparency in the hydrocarbons and mining sectors. NRGI provides SSH with technical assistance on transparency and good governance mechanisms so that new rents can help fund subnational governments.

CNH, which manages bidding processes to grant new concessions to private and public sector companies and has also allocates sites to Pemex, is also in charge of managing such contracts along their lifespan. NRGI advises CNH on making transparent contract management-related decisions and on promoting civil society oversight of biddings and contract management.

Universities

Mexico has hundreds of universities. According to a recent ranking, out of the 10 best, six are located in Mexico City and the rest in other states. At the top are the Universidad Nacional Autónoma de México (UNAM, the National Autonomous University of Mexico, a public institution) and the Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM, a private university in the northern state of Nuevo León).

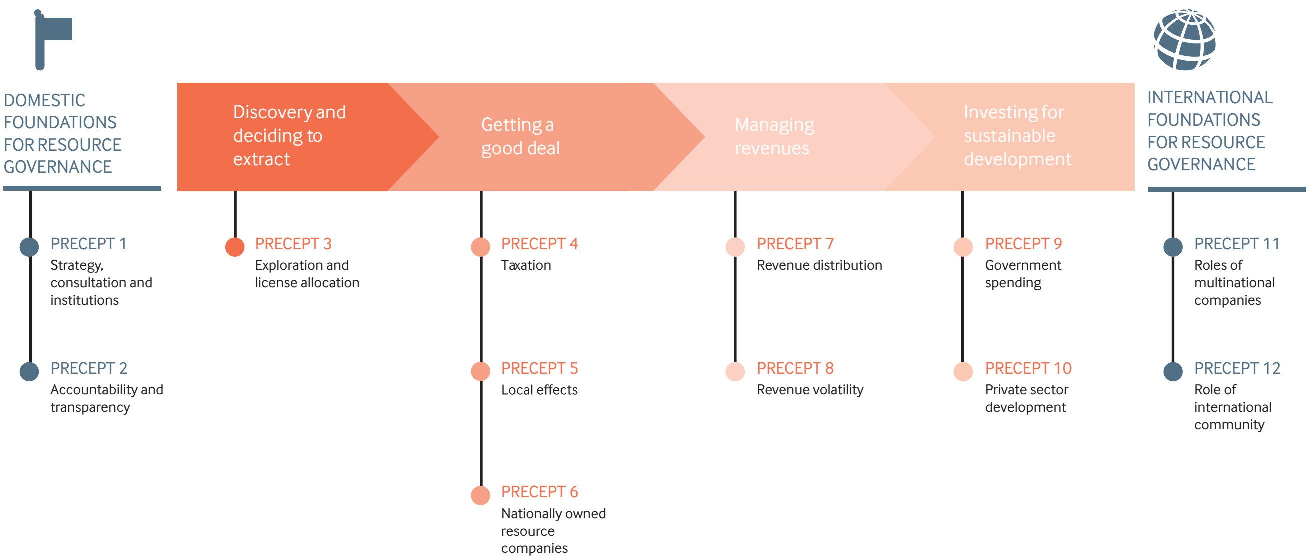
UNAM is currently participating in the EITI process as a civil society representative and NRGI has explored with it the possibility of a working relationship to develop training courses modeled after our experience in Colombia with Universidad del Externado.

NATURAL RESOURCE GOVERNANCE ASSESSMENT

Domestic foundations for resource governance

The Natural Resource Charter's twelve precepts outline the decision-making and governance environment required for effective resource development. This section provides a brief assessment of the governance environment across each of these precepts.

Overview of the Natural Resource Charter



Precept 1: Strategy making and public participation. Resource management should secure the greatest benefit for citizens through an inclusive and comprehensive national strategy, clear legal framework and competent institutions.

Precept 2: Accountability. Resource governance requires decision-makers to be accountable to an informed public.

Mexico approved energy and tax reforms that are redefining the state and private sector roles in the energy sector, as well as their contributions to the national budget. Mexico has joined EITI and co-anchors the OGP Openness in Natural Resources Working Group (ONRWG) with NRGI and the World Resources Institute.

The EITI process has been slow and complex, first with the inclusion of the government's commitment to explore EITI membership as part of the OGP Action Plan, followed by a long decision-making process to move ahead with a public statement of commitment by the government, followed by another complex and also longer-than-expected process by which civil society organizations elected their representatives and defined their own agenda *vis-à-vis* EITI standards. Finally, the EITI multi-stakeholder group (MSG) has been formally installed and is working on its action plan (under the combined leadership of SSH and the SNHCP). The SSH's is also co-anchoring of the OGP Openness in Natural Resources Working Group, expressing a political will to address these issues and reinforcing the chances of Mexico leading the inclusion of environmental information in its EITI reporting.

The challenge for stakeholders is to make sure that the reform is implemented in a transparent and accountable manner for the benefit of the people—not in an opaque manner benefiting a selected few. Similarly, all actors must make sure the transfer and management of oil and minerals rent to subnational governments via the new oil and minerals funds is made in a transparent and accountable manner.

Discovery and deciding to extract

Precept 3: Exploration and license allocation. The government should aim to reduce geological uncertainty under a transparent licensing regime that allocates rights efficiently.

CNH is mandated to foster the generation of a market for geological information as a way to improve the bidding processes for exploration and extraction in the hydrocarbons sector. The Mexican Geologic Service (Servicio Geologico Mexicano) is in charge of compiling all geological data and making it available, and assisting private sector investors in their search for new deposits.

Bidding processes to allocate oil and gas sites to Pemex and private companies have reached a high transparency standard. CNH is also committed to contract management transparency, and NRGI is providing technical assistance in this area.

In the mining sector, there is no competitive bidding process because concessions are granted upon request by potential investors interested in exploration and future extraction and processing. The problem with this system is that concessions are granted and rights are generated without previous territorial zoning and ordering, and face weak environmental protection instruments and capacities. Additionally, there are no consultation processes with local populations.

NRGI has no expertise in geological information. NRGI has, however, developed some expertise in different mining and hydrocarbons concessions allocation systems in Latin America and their relation to other zoning and territorial planning decisions. NRGI also has some understanding of the centralization or decentralization of such decisions, and local population participation in making those decisions.

Getting a good deal

Precept 4: Taxation. Tax regimes and contractual terms should enable the government to realize the full value of its resources consistent with attracting necessary investment, and should be robust to changing circumstances.

Minerals

The previous mining tax regime was relaxed and produced very little income from a sector that generates large private revenues. Nevertheless, along with the energy reform, a tax reform has been implemented that imposes new tariffs on the mining sector with the expectation of increasing the state's share in the profits. It would be interesting to assess the new mining tax regime against a global and regional benchmark, a line of work in which NRGI could provide technical assistance.

Petroleum

Pemex used to be the only source of revenues from the oil sector. With the energy and tax reform, Pemex still needs to cover a determined percentage of the national budget. The state hopes that private sector investors will also generate additional revenue via income tax and royalty payments, which have been set at a regionally competitive level to attract new investment.

Precept 5: Local effects. Opportunities for local benefits should be pursued, and the environmental and social costs of resource projects should be accounted for, mitigated and offset.

The mining law established that in order to get authorization to move ahead with a project, the investor has to get approval from the Environment Secretariat for an environmental impact assessment and get a sign-off for a water concession, among other requirements. The investor must also register with the Labor and Social Welfare Secretariat to approve worker contracts, salaries and social security. Oil projects have to undergo similar procedures regarding environmental and water regulations, and worker contracts, salaries and benefits.

The energy reform announced a local content policy for the oil sector, which is yet to be developed and turned into more specific legislation. Regarding mining, there is no specific local content policy.

Precept 6: Nationally owned resource companies. Nationally owned resource companies should be accountable, with well-defined mandates, and seek to be commercially efficient in the long-term.

Mining

Mexico does not have a state-owned mining company.

Petroleum

Pemex has had a monopoly over energy in Mexico since the 1940s. After energy reform's passage, it still is the main producer and the main provider of public rents, but will have to be managed as a private company and compete with the private sector in the future allocation of exploration and extraction rights. Pemex has a history of opaque operations and political interference. A key part of the energy reforms will be an attempted overhaul of Pemex, converting it from an agency with endemic inefficiencies to an oil company following world-class standards of operations and transparency.

NRGI will advise the CNH on strong oversight of Pemex and will also produce its own independent analysis of Pemex's transparency, accountability and governance standards. NRGI can support civil society monitoring of local social and environmental impacts of mining and oil activities. NRGI could also develop an independent review of the tax mechanisms in the mining sector. For all these tasks, NRGI will seek to involve other actors like Fundar, IMCO and the Mexican community of research journalism.

Managing the revenues

Precept 7: Revenue distribution. Resource revenues should be invested to achieve optimal and equitable outcomes for both current and future generations.

Savings

In 2002, the government created the Oil Income Stabilization Fund to ensure continued investment in Pemex. The fund is one of four stabilization funds that, by law, must receive any surplus oil revenues. It is administered by the Finance Secretariat. Rules for deposits and withdrawals are defined by law, but congress has approved changes allowing the fund to cover Pemex's operating expenses. Basic financial data are published quarterly and presented to congress.

Allocation and distribution

There are three funds that receive resources from the hydrocarbons sector. These are the Fondo de Extracción de Hidrocarburos (Hydrocarbons Extraction Fund); the Fondo de Estabilización de los Ingresos de las Entidades Federativas (Fund for the Stabilization of the Income of Federal Entities); and the Fondo para Entidades Federativas y Municipios Productores de Hidrocarburos (Fund for Federal Entities and Municipalities that Produce Hydrocarbons).

The Hydrocarbons Extraction Fund is managed directly by the federal government. The Fund for the Stabilization of the Income of Federal Entities collects revenues from oil and all economic sectors and allocates them to all subnational entities. The third fund allocates variable amounts of oil rent only to the local governments in the areas where these activities are held.

Similarly, the mining sector has three new fees related to mining activities (special, additional and extraordinary fees) and a mechanism to redistribute 80 percent of this revenue (37.5 percent to states and 62.5 percent to municipalities). This mechanism is called the Fondo para el Desarrollo Regional Sustentable de Estados y Municipios Mineros (Fund for the Sustainable Regional Development of Mining States and Municipalities).

Regarding subnational resource management, oil revenue is handled by local governments according to their established standard procedures, but in the mining sector the new regulations have established special multi-stakeholder Regional Development Committees.

International experience shows that in some cases, these decentralized systems of extractive rent management have helped alleviate poverty, improve the accountability of public financial management, and reduce social tension. In others, they have failed to accomplish their stated goals, and in some instances can even exacerbate conflict or corruption. In Mexico, it is still too early to tell regarding the transparency and efficiency in the handling of these resources by the above mentioned funds and regarding the impact of the decentralized use of these resources.

Precept 8: Revenue volatility. Domestic spending of resource revenues should be smoothed to take account of revenue volatility.

Mexico has suffered in the past from revenue volatility. In response, in the context of the energy reform, it has established an Oil Fund for Stabilization and Development, which started operations in January 2015. The fund receives all incomes from the oil sector and redistributes them to different central and subnational entities as established in the law.

Regulations regarding oil revenues management are very recent and unlikely to change soon. Nevertheless, NRGI has provided the Energy Secretariat technical assistance to assess the levels of transparency and good governance in the flow and management of oil and mining rents at the subnational level. NRGI could provide technical assistance in the design and implementation of the necessary reforms.

Investing for sustainable development

Precept 9: Government spending. The government should use revenues as an opportunity to increase the efficiency of public spending at the national and subnational levels.

Most oil and mineral resources go to the central government and become a part of the national budget. Thus, there is no specific use of the extractive rent as these resources are merged with all other state rents and the spending decisions take place within the national budget process. Nevertheless, small portions of the oil and mining rent will now go the local and state authorities through newly designed funds. Citizens can engage in analyses and decision-making regarding its use.

NRGI could influence government spending at the subnational level via technical assistance recommendations to the Energy Secretariat to improve the governance of such rents.

Precept 10: Private sector development. The government should facilitate private sector investments to diversify the economy and to engage in the extractive industry.

Mining is a private sector-only activity, while the oil and energy sectors have been recently opened to the private sector. Economic diversification thorough private sector investment has been promoted and achieved in the framework of the North American Free Trade Agreement. In fact, from a gross national product and export basket standpoint, Mexico is quite diversified. But—as these exports pay very little taxes—Mexico continues to be extremely dependent on oil. In fact, the aim of the energy reform is not to diversify the tax base, but to recuperate levels of production and the capacity of the oil sector to provide public rents. Also, there are no specific provisions to use extractive sector rents or extractive sector investments to promote economic diversification in order to lessen the dependency on oil rents.

NRGI will provide capacity building to Fundar and other civil society organizations to promote public debates nationally and in mining and oil producing territories on the perils of extreme resource dependence and the convenience of productive diversification.

International foundations for resource governance

Precept 11: Roles of multinational companies. Companies should commit to the highest environmental, social and human rights standards, and to sustainable development.

International mining companies are highly active in Mexico. Strong national private mining companies also exist, like Fresnillo and Grupo México. They are all organized in Caminex.

The private oil sector has been historically composed of service providers to the Mexican state and Pemex. With the opening of the sector to other international and national investors, the number of international oil companies directly investing in exploration and production will grow.

NRGI sees opportunities to establish working relationships with reformist private sector leaders and country representatives interested in processes such as EITI and OGP.

Precept 12: Role of international community. Governments and international organizations should promote an upward harmonization of standards to support sustainable development.

Mexico is now active in broad international transparency initiatives, such as OGP and EITI. Governments and bilateral, regional and multilateral organizations, as well as international NGOs, are supporting these processes in variety of ways, providing technical assistance and funding directly to the government, the EITI multi-stakeholder group and/or the civil society organizations participating in them.

It is also important to note that for the past 15 years Mexico has been an OECD member, which has put pressure on the Mexican government to harmonize its social and environmental standards with OECD standards.

STRATEGIC RESPONSE

Objective

In line with general institutional goals, NRGI's Mexico objective is that citizens benefit from extractive resource wealth. To advance this goal, NRGI will address the challenges and opportunities identified by our contextual analysis by working toward the general and specific objectives outlined below.

Objective: Mexico's government consolidates global-level transparency standards and improves governance in the extractive sector

- CNH consolidates its current high standards of oil sector transparency as regards bidding processes and contract management, as well as allocations granted to Pemex.
- Pemex improves its transparency, accountability and good governance standards.
- Mexico becomes a compliant member of EITI, with EITI reports capturing the social and environmental impacts of the extractives industry.
- Mexico mainstreams transparency and ensures all information in EITI reports is available and easily accessible in government portals, integrated into an EITI portal, or both.
- Mexico consults with civil society organizations and considers their proposals to improve land and water governance in mining territories.

FUTURE CONSIDERATIONS

The following section outlines areas NRGI may wish to consider in the future, based on opportunities and subject to human and financial resources. We view the strategy development process as one of active learning and will seek to seize new opportunities as appropriate.

Continued contribution to the evolution of Mexican EITI. NRGI has a global understanding of the regarding the EITI process and has the ability to contribute to the Mexico EITI experience.

Amplified technical assistance to CNH. NRGI has engaged globally in research, advocacy and technical regarding subnational rent management and contract management transparency and how these topics relate to good governance. NRGI can collaborate with CNH and the mining sector based on these previous experiences.

Land and water governance. NRGI has engaged in pioneering work around land and water governance regarding the mining sector, and can collaborate in improvements in the governance of these resources in relation to mining activities.