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PROGRAM FOR GROWTH AND EMPLOYMENT

- **THE MACROECONOMIC FRAMEWORK IS REVISED DUE TO A LESS FAVORABLE INTERNATIONAL ECONOMIC ENVIRONMENT**
- **THE PROGRAM FOR GROWTH AND EMPLOYMENT IS ANNOUNCED**
- **THE PROGRAM WILL ALLOW US TO COMPENSATE THE EFFECT OF LOWER REVENUES ON PROGRAMMABLE EXPENDITURES, IMPLEMENT AN PROGRAM OF ADDITIONAL EXPENDITURES ON INFRASTRUCTURE, WILL LEAD TO GREATER CREDIT AVAILABILITY AND CONTAINS STRUCTURAL MEASURES TO PROMOTE COMPETITIVENESS**
- **THEREFORE, THE PROGRAM WILL HELP TO MITIGATE THE IMPACT OF THE DETERIORATION OF THE INTERNATIONAL ECONOMIC ENVIRONMENT ON THE MEXICAN ECONOMY**

- **AS A RESULT OF RECENT EVENTS IN INTERNATIONAL FINANCIAL MARKETS AND THE PROBLEMS BEING FACED BY FINANCIAL INTERMEDIARIES IN INDUSTRIAL COUNTRIES, GLOBAL GROWTH PERSPECTIVES HAVE DETERIORATED SIGNIFICANTLY, IN PARTICULAR FOR THE UNITED STATES, FOR 2008 AND 2009.**
- **THE INTERNATIONAL CONTEXT WILL HAVE AN IMPACT ON THE MEXICAN ECONOMY THROUGH A DECREASE IN EXPORTS, REMITTANCES, TOURISM, FOREIGN DIRECT INVESTMENT, AND TIGHTER CREDIT IN INTERNATIONAL MARKETS.**
- **GREATER UNCERTAINTY AND RISK AVERSION IN INTERNATIONAL MARKETS HAVE TRANSLATED INTO HIGH FLUCTUATIONS OF FINANCIAL ASSET PRICES, INCLUDING EXCHANGE RATES. ADDITIONALLY, LOWER GLOBAL ECONOMIC GROWTH PERSPECTIVES HAVE LED TO A DECREASE IN INTERNATIONAL PRICES OF COMMODITIES.**
- **THEREFORE, THE FEDERAL GOVERNMENT HAS REVISED ITS ESTIMATES OF GDP GROWTH FROM 2.4% TO 2.0% IN 2008 AND FROM 3.0% TO 1.8% IN 2009. THE MEXICAN OIL MIX PRICE WAS REVISED FROM 80.3 TO 75.0 DOLLARS PER BARREL FOR 2009. THE AVERAGE RATE EXCHANGE FORECASTED FOR 2008 AND 2009 IS 10.6 AND 11.2 PESOS PER DOLLAR, COMPARED TO PREVIOUS ESTIMATIONS OF 10.4 AND 10.6 PESOS PER DOLLAR, RESPECTIVELY.**
- **THESE CHANGES IN THE MACROECONOMIC FRAMEWORK FOR 2009 HAVE AN IMPACT ON BUDGETARY REVENUES ESTIMATED FOR 2009 OF PS. 27.6 BILLION. CONSEQUENTLY, IN THE ABSENCE OF OTHER MEASURES, BUDGETARY EXPENDITURES WOULD HAVE TO BE ADJUSTED.**

- **AS A RESPONSE, THE FEDERAL GOVERNMENT WILL LAUNCH THE PROGRAM FOR GROWTH AND EMPLOYMENT. STRUCTURAL AND CYCLICAL MEASURES WILL BE IMPLEMENTED TO ALLOW THE MEXICAN ECONOMY TO SUCCESSFULLY FACE A LESS FAVORABLE INTERNATIONAL ECONOMIC ENVIRONMENT.**

- **THE PROGRAM INCLUDES THE FOLLOWING MEASURES:**

  - ***INFRASTRUCTURE EXPENDITURES PROGRAM:***

    - **A PS. 90.3 BILLION FISCAL STIMULUS (0.7% OF GDP) WHICH COUNTERACTS THE NEGATIVE EFFECT OF LOWER REVENUES ON THE LEVEL OF PROGRAMMABLE EXPENDITURES LEVEL WHICH AMOUNTS TO PS. 25.1 BILLION AND ALLOWS US TO ESTABLISH A PROGRAM OF ADDITIONAL EXPENDITURES IN INFRASTRUCTURE OF PS. 65.1 BILLION. THE BUDGETARY SPACE BACKING THESE RESOURCES IS THE RESULT OF THE REFORM TO THE INVESTMENT REGIME OF PEMEX THAT IS DESCRIBED LATER.**

  - ***PROGRAM TO SUPPORT FINANCING AND INFRASTRUCTURE:***

    - **THE AVAILABILITY OF FINANCIAL RESOURCES WILL BE SUPPOERTED BY THE DEVELOPMENT BANKS THROUGH ITS DIFFERENT VEHICLES. CREDIT TO SUPPORT MEXICAN FIRMS – IN PARTICULAR SMALL AND MEDIUM SIZED FIRMS –, FOR THE PRIMARY SECTOR, FOR INFRASTRUCTURE, AND FOR HOUSING WILL BE INDUCED BY A TOTAL OF PS. 130 BILLION DURING 2009. THE NATIONAL INFRASTRUCTURE FUND WILL GRANT SUPPORT THAT WILL DETONATE PROJECTS UP TO PS. 35 BILLION IN 2009, AND INVESTMENTS OVER PS. 125 BILLION IN THE NEXT 3 YEARS, INCLUDING THE RESOURCES CHANNELLED FOR URBAN TRANSPORT WHICH ARE DESCRIBED LATER.**

    - **DURING THE FOLLOWING MONTHS, THE DEVELOPMENT BANKS, USING THEIR DIFFERENT INSTRUMENTS, WILL HAVE AS A PRIMARY OBJECTIVE THAT INFRASTRUCTURE PROJECTS PROGRAMMED FOR THE FOLLOWING MONTHS HAVE ACCES TO THE FINANCING THEY REQUIRE.**

    - **THIS IS ACCOMPANIED BY MEASURES THAT ENABLE SIEFORES AND COMMERCIAL BANKS TO INCREASE THE RESOURCES BEING ALLOCATED TO INFRASTRUCTURE INVESTMENT, SMALL AND MEDIUM SIZED FIRMS, AND HOUSING.**

    - **THE PROGRAM OF FEDERAL SUPPORT FOR PUBLIC TRANSPORTION WILL BE ESTABLISHED AT A NATIONAL LEVEL. IT WILL IMPLY AN ADDITIONAL INVESTMENT IN THE SECTOR OF UP TO PS. 17.5 BILLION IN 2009, SUPPORTED BY THE NATIONAL INFRASTRUCTURE FUND.**

- ***STRUCTURAL MEASURES TO FOSTER GROWTH AND COMPETITIVENESS:***
  - **AN COMPREHENSIVE REFORM TO THE INVESTMENT REGIME OF PEMEX IS PROPOSED WHICH INCLUDES ELIMINATING THE PIDIREGA MECHANISM, THE CONVERSION OF PIDIREGA LIABILITIES INTO PUBLIC DEBT AND THE EXCLUSION OF PEMEX'S INVESTMENT FROM THE BALANCED BUDGET REQUIREMENT. ALL THIS THROUGH A REFORM PROPOSAL TO THE FEDERAL BUDGET AND FISCAL RESPONSABILITY LAW (LFPRH). THE EXCLUSION OF PEMEX's INVESTMENT FROM THE BALANCED BUDGET REQUIREMENT GENERATES A FISCAL SPACE OF PS. 78.3 BILLION WHICH CORRESPONDS MAINLY TO PIDIREGAS AMORTIZATIONS WHICH ARE NO LONGER NECESSARY.**
  - **THE INITIATIVE PROPOSES THAT PEMEX WILL BE ABLE TO USE THE RESOURCES CONTAINED IN ITS STABILIZATION FUND AS OF END 2008, ESTIMATED TO BE PS. 12 BILLION, FOR THE EXPENDITURES ASSOCIATED WITH PREPARING A PROJECT FOR THE CONSTRUCTION OF A REFINERY AND OTHER INFRASTRUCTURE PROJECTS. THIS IS HOW THE BUDGETARY SPACE OF PS. 90.3 BILLION MENTIONED BEFORE IS CREATED.**
  - **THE ELIMINATION OF THE PIDIREGA REGIME, ALONG WITH OTHER MEASURES BEING PROPOSED, WILL GIVE GREATER TRANSPARENCY TO THE INVESTMENT OF PEMEX AND WILL FACILITATE ITS MANAGEMENT. AT THE SAME TIME, ADMINISTRATION COSTS ARE REDUCED, ACCOUNTABILITY AND TRANSPARENCY ARE STRENGTHENED, THE PIDIREGA LIABILITY IS ACKNOWLEDGED AS A BUDGETARY DEBT AND PEMEX'S AVAILABLE RESOURCES TO REDUCE ITS LEVEL.**
  - **STRUCTURAL POLICIES THAT WILL FACILITATE THE EXECUTION OF INFRASTRUCTURE PROJECTS ARE ALSO INCLUDED IN THE REFORM INICIATIVE TO THE LFPRH.**
  - **THE GOVERNMENT PURCHASES PROGRAM OF NAFIN WILL BE STRENGTHENED TO SUPPORT THE DEVELOPMENT OF SMALL AND MEDIUM SIZED FIRMS.**

- **THE PROGRAM FOR GROWTH AND EMPLOYMENT ESTABLISHES GREATER FISCAL STIMULUS, AVAILABILITY OF FINANCING TO HIGH-PRIORITY SECTORS AND PROJECTS OF THE PROGRAM OF FEDERAL SUPPORT FOR PUBLIC TRANSPORTION BY PS. 255.3 BILLION.**

The Economic Policy Guidelines for 2009, sent to Congress on September 8th 2008, acknowledged the existence of risks that could affect the economic variables in the macroeconomic framework for 2009 used to estimate the revenues in the Federation's Revenue Law Initiative (ILIF) and expenditures in the Proposed Federal Expenditures Budget (PPEF). In recent weeks, several of these risks materialized jointly.

Problems in the financial markets of industrialized countries have deepened, particularly in the United States and Europe. Governments in the United States, Germany, Belgium, France, Netherlands, and the United Kingdom, among others, have intervened to in order to try to resolve the problems associated with weakening financial institutions due to the mortgage crisis in the United States.

Even if the approval of the Troubled Assets Relief Program (TARP) by the Congress of the United States contributes to an eventual stabilization of financial markets and intermediaries, an extended period of tighter credit is anticipated, given the time that it will take to rebuild the capital base of financial institutions.

This situation is affecting the level of income and wealth of households in the United States, leading to a deterioration in the expectations for consumption. Additionally, private investment is anticipated to slow down given the new expectations of lower household expenditures and tighter credit.

These elements will contribute to a greater than previously expected economic deceleration in industrialized countries. Particularly, the contraction of the construction sector in the United States continues and, given the lower demand for durable goods, limited international growth of the manufacturing sector is anticipated.

With the new outlook, the growth rates of Gross Domestic Product and Industrial Production in the United States during 2008 and 2009 will be lower than what was expected when the Economic Policy Guidelines for 2009 (CGPE09) were prepared. Worth mentioning is that a significant level of uncertainty about the dynamism of the United Status economy still exists. Even with the approval of the TARP, important details of the Program are still to be defined. Therefore, it is difficult to anticipate exactly how credit availability and confidence will respond. Nevertheless, to update the Mexican economic growth forecast for 2009, a growth rate close to zero was considered for the United States during next year, compared with growth of 1.5% used in CGPE09.

Due to the above, and as a result of the deterioration of economic perspectives worldwide, the Federal Executive considers it necessary to modify the assumptions of the economic framework for Mexico in 2009. These changes are submitted to the approval of the Congress in order to be considered for the ILIF and PPEF 2009.

Modifications to the Macroeconomic Framework

Mexico's financial system has not been subject to financial contagion due to the difficult external conditions. This is a result of several reforms undertaken in recent years with regard to bank surveillance and regulation. Likewise, the internal market for financing has strengthened, reducing both government and private sector dependence on foreign resources.

Nonetheless, considering the profound deceleration of economic activity in the United States, the Mexican economy will likely be affected through the following channels:

- Lower exports, remittances, tourism, and foreign direct investment.
- Reduced availability of credit, as financial intermediaries adopt a more prudent stance and access to foreign credit diminishes.
- A lower oil price leading to lower public sector revenues.

Therefore, modifying some of the assumptions made in Mexico's Macroeconomic Framework and making the corresponding changes to the ILIF and PPEF is pertinent.

- The growth forecasts for the Mexican economy in 2008 and 2009 are revised from 2.4% and 3.0% contained in CGPE09 to 2.0% in 2008 and 1.8% in 2009.
- It is now considered that the oil reference price for the 2009 fiscal year should be set at 75 dpb. The observed global economic slowdown and its outlook have contributed to a significant reduction in the price of commodities with respect to the maximum prices observed in mid-July of this year.
- The forecasts for the average exchange rate for 2008 and 2009 have been modified to 10.6 and 11.2 pesos per dollar, respectively. These contrast with average parities of 10.4 and 10.6 pesos per dollar for the same years reflected in CGPE09.

These adjustments in the macroeconomic framework imply that the forecasts for Public Sector Revenues are modified as well:

- Budget revenues for 2009 are revised to Ps. 2,793.1 billion, a reduction of Ps. 27.6 billion.
- Oil revenues for 2009 are reduced to Ps. 1,016.4 billion, a decrease of Ps. 3.5 billion.
- Non-oil tax revenues for 2009 are estimated at Ps. 1,261.3 billion, a downward revision of Ps. 18.1 billion.
- The rest of the revenues for 2009, including non-oil non-tax revenues and revenues form entities under direct budgetary control other than PEMEX, are reduced to Ps. 515.3 billion, a decrease of Ps. 6.0 billion.

In absence of additional measures, the modifications to the macroeconomic framework and to the estimations of Public Sector revenues would have the following implications on expenditure forecasts:

- Budgetary expenditures for 2009 would be reduced by the same amount as budgetary revenues to a level of Ps. 2,793.1 billion.

- Non-programmable expenditures would increase by Ps. 0.1 billion as a result of a downward adjustment of Ps. 3.7 billion in shared revenues and an increase of Ps. 3.8 billion in financial cost.

- This would lead to an adjustment in programmable expenditures of Ps. 27.6 billion to a level of Ps. 2,064.0 billion. Inside programmable expenditures, some outlays are directly linked to oil revenues with a specific destination and to the level of budgetary revenues. These are reduced by Ps. 2.4 billion. The ceiling for programmable expenditure not directly linked with oil-related revenues or to the level of budgetary revenues would be adjusted downwards by Ps. 25.1 billion.

Program for Growth and Employment

Due to the prevailing international environment and its effect on the Mexican economy, The Federal Government proposes the Program for Growth and Employment, which contributes to strengthen the countercyclical efforts already in motion since the beginning of 2008. This Program incorporates:

1. Cyclical measures: focused on higher public expenditures, especially in infrastructure, and on increasing the availability of financing, mainly through actions by the development banks.
2. Structural measures: directed towards fostering higher economic growth in the long run, including measures to speed up investment in infrastructure, and to strengthen government purchases to Small and Medium Sized Firms (SMFs).

Initiative to reform the Federal Budget and Fiscal Responsibility Law (LFPRH)

The Program includes a reform to the LFPRH that proposes substantial modifications to the investment regime of PEMEX:

- The progress in the negotiations of the Energy Reform, and particularly the consensus on the need to strengthen the corporate governance, operational efficiency, transparency and accountability of PEMEX creates an opportunity to give PEMEX greater flexibility for investment and increasing the transparency regarding such projects.

- It is proposed that PEMEX no longer uses the PIDIREGA mechanism and makes all of its investment within the budget. This measure has two main advantages.
    - Simplifies the management of investment and reduces associated costs.
    - Increases the transparency of investment in the oil sector.

- PIDIREGA liabilities will be converted to PEMEX's budgetary debt and PEMEX's available resources will be used to amortize some of this liability. Therefore, these resources will be used to finance the investments undertaken by the firm in the past. Worth mentioning is that PIDIREGA liabilities are already a part of the Historic Balance of the Public Sector Borrowing Requirements (HBPSBR), so this will not be affected by this operation.

- Transparency measures are strengthened regarding PEMEX's investments that, among others, include the obligation of the entity to make all the information on investment projects publicly available such as their profitability.

- Simultaneously, PEMEX's investment will be excluded from the balanced budget requirement established in the LFPRH. This will benefit the firm as its investment projects will be assessed on their own merits, without having to compete for budgetary resources with other possible allocations. In addition, this will insulate PEMEX's investment, as no reductions will be needed in case adjustments are required due to a fiscal contingency. Besides from the exception about PEMEX's investment, the balanced budget requirement in the LFPRH is maintained.

- In order to avoid creating fiscal contingent liabilities and a disorderly evolution of public debt, individual investments and the entire portfolio of projects by PEMEX will have to be profitable and the total level of investment will still be subject to approval by Congress.

- A proposal to double the limits of the stabilization funds of the Federal Government, of states and of PEMEX is included. The purpose of this action is to increase the capacity to save in order to allow for an optimum management of the country's resources through time.

- The elimination of the PIDIREGA regime and the transformation of PEMEX's liabilities into budgetary debt eliminates the necessity of registering the associated amortizations with projects financed under this regime. In doing so, the budgetary space previously occupied by these amortizations can be reallocated to other expenditures. Along with the exclusion of PEMEX's investment from the balanced budget requirement, this generates a budgetary space of Ps. 78.3 billion.

- The inclusion of PEMEX's investment in the budget and its exemption from the balanced budget requirement will result in a public sector deficit of 1.8% of GDP. Worth mentioning is that this is mainly due to the consideration of all of PEMEX's investment realized under the previous PIDIREGA regime, which required financing, as budgetary debt. The PSBR would increase to 2.8% of GDP compared with 2.0% presented on September 8th in the Economic Proposal, as a result of the downside revision of GDP for 2008 and 2009, and the exclusion of PEMEX's investment from the balanced budget rule. Going forward, the ceiling of the PSBR will continue being established in a way that guarantees the orderly evolution of public debt.

- In addition, it is contemplated that PEMEX will be able to employ the resources it has in the Stabilization Fund for PEMEX's Infrastructure Investment (FEIPEMEX) at the end of 2008, close to Ps. 12 billion, to start with the process for the construction of a refinery and other infrastructure projects in national territory.

Additional expenditures in 2009

The modifications to investment regime of PEMEX will lead to a total budgetary space of Ps. 90.2 billion equivalent to the level of budgetary investment of PEMEX of Ps. 78.3 billion proposed in the PPEF 2009, and the estimated resources in the FEIPEMEX at the end of 2008 of Ps. 12 billion. This in the context of the consensus generated behind the proposals for an Energy Reform that strengthens the corporate governance of PEMEX; together with higher efficiency, transparency and accountability of the firm.

These resources will allow the government to compensate for the reduction in programmable expenditures of Ps. 25.1 billion that are not linked to oil revenues with specific destinations and the level of tax collection. At the same time, they will allow us to establish an additional expenditure program in infrastructure for Ps. 65.1 billion of which Ps. 12 billion are to start the building of a refinery for PEMEX and other investment in infrastructure by the firm, and the remaining Ps. 53.1 billion for other infrastructure projects. This will allow for the mitigation of the negative effects of a worse international context on economic activity and job creation in Mexico.

It is proposed that the additional expenditures on other infrastructure projects are oriented to sectors with a high capacity of execution, that reflect the national priorities, and with the highest possible contribution to economic activity and job creation. Moreover, resources should be allocated in such a way that they do not result in permanent expenditure pressures. Accordingly, the following resource allocation is proposed:

Additional Expenditures Program
(million pesos)

CFE Infrastructure	4,000
PEMEX Maintenance	6,000
Public and National Security Infrastructure	5,500
Housing	1,000
Education Infrastructure	6,000
Sports Infrastructure	1,000
Hospitals Infrastructure	4,500
Hydraulic Infrastructure	3,000
Tourism Infrastructure	500
Highway Infrastructure	10,700
Infrastructure to increase farming productivity	5,750
Urban Infrastructure (Metropolitan Funds)	750
Railroad Infrastructure	1,650
SMFs Fund	2,000
FONAES	500
National Employment System	250
Total	53,100

Measures to Support Financing and Infrastructure

The Program for Growth and Employment, in addition to the modifications in the investment regime of PEMEX and the proposal for additional expenditure for 2009, includes an additional set of measures that will contribute to the growth of those sectors to be strategic for national development.

Development Banks

The Program to Strengthen the Economy proposes the use of capital from the development banks by the end of 2008 and in 2009 aimed at maintaining and increasing the financial sources for those activities that generate a large number of jobs in the economy.

Financing for Firms

NAFIN and BANCOMEXT will induce credit to firm by an additional amount of up to Ps. 35 billion:

- Ps. 23.0 billion in credit lines will be available for intermediaries. In doing so, NAFIN will temporarily loosen its own capitalization index, and that required for intermediaries, up to 10%.
- Credit of up to Ps. 12.0 billion will be supported by guarantees. Ps. 6.0 billion will be for credit to Small and Medium Firms (SMFs) with the new auctions of guarantees, supporting actual conditions, and extending guarantees to credits of up to Ps. 15 million.
- The program guarantees for timely payments will be reactivated as a vehicle for corporate refinancing, which will make available up to Ps. 6.0 billion in financial resources.

Infrastructure, Rural Sector and Housing

- In infrastructure, BANOBRAS' capital could induce credit up to Ps. 30.0 billion in 2009, and support from the National Infrastructure Fund will lead to new investment by more than Ps. 125.0 billion during the next three years (Ps. 35.0 billion in 2009, Ps. 40.0 billion in 2010 and Ps. 50.0 billion in 2011). This will finance infrastructure projects including roads and suburban trains (described latter in greater detail), as well as hydraulic projects.
- In the agricultural sector, the available financing instruments will be used to their maximum capacity:
    1. Higher lines to financial intermediaries, temporarily increasing the limits of indebtedness with development banks from 60% to 75% of the total liabilities of the intermediary.

2. New guarantee schemes through the National Fund of Guarantees, to promote more than Ps. 20.0 billion of additional financing in the remaining of 2008 and 2009.
3. The subsidy to the guarantee premium on medium and long term credit to finance the acquisition of fixed assets is extended, supporting the capitalization of the sector with more than Ps. 2.3 billion.

- Further availability of credit to housing by Ps. 40.0 billion through the Sociedad Hipotecaria Federal and NAFIN.

Financial Sector

The program seeks to achieve a more efficient intermediation and a higher supply of resources for investment in infrastructure through the following measures:

- Increase the flexibility of the investment regime of the SIEFORES in order to channel a greater amount of resources to infrastructure projects and housing, as well as financing to Small and Medium Sized Firms, by allowing for the acquisition of subordinated debt and other structured instruments; while at the same time strengthening measures to avoid conflicts of interest and risk concentrations.
- The CNBV will announce in the next few days changes to capitalization rules of the banking system in order to facilitate the market distribution of credits associated with funding for infrastructure projects.

Program of Federal Support for Public Transportation

The National Infrastructure Fund will start the operation of the Program of Federal Support for Public Transportation in order to provide urban transport solutions in the main cities in the country. The program has the following features:

- The main objective of the program is to support efficient transportation projects that are safe, comfortable, reliable, and accessible to all commuters in medium and big cities of the country.
- The projects should take place under a sustainability criterion and take into consideration the institutional framework and a sound legal design that guarantees the correct functioning of the projects in the long run.
- They should have private investment and should be part of the urban development plans of the cities.
- The program takes into consideration that the Fund supports the elaboration of specific studies that should include those areas established in the rules of operation.
- In the execution stage, the Fund can help with subsidies, or channeling recoverable support through the subordinated debt, capital or guarantees according to the requirements of the projects.

- A total of 23 projects totaling Ps. 85.0 billion have been identified, of which 6 projects totaling Ps. 17.5 billion could initiate for 2009. These will be supported by the Fund with guarantees and subsidies resources accordingly.

Structural Measures

Among the proposed structural measures in the Program for Growth and Employment the following are worth highlighting:

Measures to promote infrastructure development

The initiative of reform to the LFPRH presented to Congress incorporates a number of modifications to promote the development of infrastructure. These measures will seek the following:

- The direct adjudication of studies for certain infrastructure projects when their costs are lower or equal to the 5% of the estimated investment.
- Inhibit unfounded legal procedures by participants in public auctions of projects those interested parts that do not win the public auctions.
- Authorize the participation of firms that elaborate studies in the auctions.
- Allow the reception and acquisition of studies proposed by the private sector for the construction of infrastructure projects.

Government Purchases Program of NAFIN

The Government Purchases Program of NAFIN will be strengthened to support the development of SMFs. Worth noting is that the PPEF for 2009 already included several measures through which ministries will have to do the following:

- Include all of their accounts payable in the system of NAFIN in order for the SMFs to have financing.
- Clarify the payment schedules for firms once these have delivered the sold goods and services.
- Preferably use the Nafin’s electronic licitations platform for direct adjudications (minor purchases).
- Affiliate all of their suppliers to a database to observe who sells to the government and give information to SMFs.
- Publish the purchase plan of goods and services that SMFs provide.

Additionally, to speed up the effects of these measures, ministries an PEDBC’s will be required to undertake take the following actions:

- Establish in November a purchase plan for SMFs in 2009, establishing an increase in SMF participation up to 20% of the total by the end of 2009; preferably using the electronic auctioning system of NAFIN, for which they will count with sufficient resources.
- Create the commission for Government Purchases to SMFs with the SE, SFP, SHCP and NAFIN to review the performance of the program and increase the participation of SMFs.

Additional Considerations

Given the deterioration in the international economic environment, we should not remain passive merely waiting for an improvement in the economic situation of our major trading partners.

The Executive and Legislative branches of Government should employ all the resources at their disposal to endow the economy with instruments that will allow it to maintain economic momentum, fundamentally by fostering public investment in order to mitigate part of the external impacts and their effects on the economic package. Within this context, the Program for Growth and Employment is proposed.

The Mexican Economy has solid structural conditions and a healthy financial system. Nevertheless, the Federal Government will launch the Program for Growth and Employment as a response to an unfavorable economic environment and to boost economic activity.

Overall, the Program for Growth and Employment implies a higher fiscal impulse, availability of financing channeled to strategic sectors, and support for infrastructure projects for a total amount of Ps. 255.3 billion. Public expenditures and financing measures, along with structural adjustments, are added to countercyclical policies implemented since the beginning of 2008 in order to allow our country to successfully face the current world crisis.