

General Law on Infrastructure for Well-Being

Mexico City, July 23, 2025

Executive Summary

This legislative proposal for a “General Law of Infrastructure for Well-Being” (*Ley General de Infraestructura del Bienestar*, the “Law” or the “LGIB”), introduced in July 2025 in Mexico, aims to replace the current model of public-private partnerships, establishing a new framework for infrastructure investment, prioritizing social well-being, territorial justice and environmental sustainability, with a specific focus on rural communities and marginalized areas. A key element of this proposal is the creation of an Infrastructure for Well-Being Commission and a Benefit Measurement Index, which will ensure that projects meet specific social and environmental criteria, allocating a greater proportion of risk to private investors. In addition, the LGIB seeks to streamline project execution through more flexible contracting processes, though under strict transparency controls.

Although this initiative is intended to repeal the existing Public-Private Partnerships Law, its structure is fundamentally very similar to the law it abrogates, since (i) it recognizes different levels of State investment (from *direct investment* (known as “pure PPPs” in the current PPP law) to minimal investments (known as “self-financing PPP” in the current PPP law), (ii) it includes more flexible contracting mechanisms (including unsolicited proposals), (iii) it provides for the possibility of agreeing on contractual rebalancing (very relevant in long-term associations), and (iv) of particular importance, it establishes a compensation mechanism for the private developer in the event of early termination.

For a more detailed analysis of this initiative, please refer to Annex I of this communication.

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Annex I

A. Introduction

On July 9, 2025, the “Initiative that enacts the General Law of Infrastructure for Well-being” (the “Initiative”) was published in the Gazette of the Permanent Commission of the Mexican Congress. The Initiative was presented by Mr. Alfonso Ramírez Cuéllar of the parliamentary group of *Movimiento de Regeneración Nacional* (MORENA) filed before said Permanent Commission. The proposed Law will replace the public-private partnership regime in force since 2012 and will create a framework aimed at ensuring that infrastructure investment pursues social well-being, territorial justice and environmental sustainability, prioritizing rural communities, marginalized areas and strategic projects for national sovereignty.

The projects subject to the LGIB will be “Infrastructure for Well-being” projects¹, promoted by a Public Investing Entity² (directly or through an unsolicited proposal). A private entity (either individuals or legal entities, national or foreign³) (the “Investing Partner”) will be responsible for the activities agreed upon in the Investment Instrument⁴, as explained below.

One of the novel aspects of the proposal is the creation of an Infrastructure for Well-Being Commission. This commission will coordinate, authorize and supervise the projects, ensuring the compliance with a “Benefit Measurement Index” (which will be determined based on a methodology to be issued by the Ministry of Finance and Public Credit) and that the risks are largely assumed by the private investors.

B. Obligated Entities

The LGIB will apply to agencies and entities of the Federal Public Administration, federal public trusts, as well as agencies and entities of the States of Mexico, municipalities and territorial districts of Mexico City when exercising federal resources (the “Public Investing Entities”). Procurement made to execute projects under the LGIB will be excluded from the Public Works and Related Services Law and the Public Sector Procurement, Leasing and Services Law, in order to allow for more flexible processes, but under integrity and transparency controls.

¹ See Section D for more detail.

² See Section B for further details.

³ The Initiative in no way limits foreign participation in Infrastructure for Well-Being.

⁴ See Section G for more detail.

C. Objectives of the Law

The LGIB seeks to consolidate the following objectives (the “LGIB Objectives”):

- a) Universal and fair access to infrastructure services, with special attention to rural, marginalized and high impoverished communities.
- b) Social justice and regional integration through the efficient use of resources.
- c) Strengthening national sovereignty, prioritizing the use of national resources and the creation of dignified employment for the Mexican population.
- d) Respect for the environment through the design of sustainable infrastructure projects that generate economic benefits and protect natural resources, promoting social and inclusive development.
- e) Strengthening the participation of the Federal Government in the development of infrastructure projects, promoting collaboration schemes with private parties that guarantee the satisfaction of the general interest and transparency, avoiding any form of privatization of strategic assets.

D. Infrastructure for Well-Being

“Infrastructure for Well-being” will be considered as that whose purpose is to improve the quality of life of the population, promote equitable access to essential services, strengthen national sovereignty and reduce inequality gaps, ensuring a positive impact on the well-being of the population.

E. Investment Schemes

The Initiative recognizes that infrastructure projects in Mexico differ in magnitude, risks and social relevance, therefore establishes the following Investment Schemes:

- a) Direct Investment. The Public Investing Entity will provide the necessary resources (either during the construction stage or upon delivery) to amortize the infrastructure developed by the Investing Partner. It may include advance payments, payments against work progress or a single disbursement at the end of the project.

- b) Indirect Investment. The Public Investing Entity will agree to long-term periodic payments, commencing once the project starts operation, in order to compensate the Investing Partner for the construction, operation and, where applicable, the supply of goods or services generated by the project. Such payments will allow the Investing Partner to amortize its financing and obtain a “reasonable” return. In exchange, the Public Investing Entity will retain the right to acquire the infrastructure at a “fair price” at a future date⁵.
- c) Mixed investment. This will involve joint contributions, in cash or in kind, from the Public Investing Entity and the Investing Partner. The proportion of participation of each party will be defined according to the value of their contributions and the obligations they assume with respect to the acquisition of goods or services derived from the project. Its purpose will be to combine the strengths of both sectors; therefore, risk allocation must be designed on a case-by-case basis to maximize efficiency and social profitability, ensuring that the infrastructure maintains the expected benefits in accordance with the Benefit Measurement Index.
- d) Minimum Investment. The Public Investing Entity will not commit direct fiscal resources. All investment will be made by the Investing Partner, who will recover its capital and will obtain profits from the income generated by the project. The State’s contribution will consist of granting the necessary authorizations or non-cash contributions (e.g., rights of way, private property, among others). This model will require sharing with the State or with the Infrastructure for Well-Being Fund the surplus revenues that exceed the agreed reasonable return, and will entail that most of the risks (financial, market and operational) remain with the Investing Partner.

Investment Schemes may be combined within the same project, provided that the mix respects the LGIB Objectives. The selection of the scheme will be based on a technical, financial, legal and social evaluation, in order to guarantee that public resources are managed efficiently, effectively and honestly, and that the project achieves or maintains the well-being levels defined in the Benefit Measurement Index.

F. Benefit Measurement Index

The Benefit Measurement Index will be a quantitative and qualitative analysis to determine for each project the extent to which the public works or service will improve the quality of life of the population, promote equitable access to essential services, strengthen national sovereignty

⁵ The Initiative does not contain rules or guidelines to determine the fair price of infrastructure.

and reduce inequality gaps. The methodology for calculating the Benefit Measurement Index will be issued by the Ministry of Finance and Public Credit, and the levels established will condition both the initial authorization of the project and its execution, economic rebalance reviews, contractual extensions and, in the event of persistent non-compliance, the early termination of the Investment Instrument.

One of the grounds for termination of the contract in question will be that the project does not meet the expected benefits in terms of the Benefit Measurement Index and no agreement is reached with the Investing Partner on adjustments to restore such levels.

G. Investment Instruments

The rights and obligations of the Public Investing Entity and the Investing Partner will be agreed upon in Investment Instruments (contracts, trusts, partnerships or other vehicles), which must: (a) ensure compliance with the LGIB Objectives, (b) maintain the well-being levels measured by the Benefit Measurement Index, (c) manage resources efficiently and transparently, (d) provide a “reasonable” return to the Investing Partner, (e) define the allocation and management of risks, and (f) provide for mechanisms for sharing excess benefits.

In the event that a company or trust is created to develop the project, such vehicle will not have the status of a parastatal entity and will not require prior authorization from the Ministry of Finance and Public Credit for its creation.

H. Infrastructure for Well-Being Commission

The Initiative proposes the creation of an inter-institutional commission called: “Infrastructure for Well-being Commission” (the “Commission”) integrated by the Ministry of Finance and Public Credit, which will preside with a casting vote, the Ministry of Infrastructure, Communications and Transport, the Ministry of Economy, the Ministry of Well-being, the Ministry of Agrarian, Territorial and Urban Development, and the Ministry of Environment and Natural Resources. All of the aforementioned Ministries will have voice and vote. Likewise, the Anti-Corruption Secretariat and the Public Investing Entity will have voice, but no vote.

The Commission’s authority include the following: (a) approving the initiation of the procedure for each Infrastructure for Well-Being project, (b) validating the final terms and conditions of each project, (c) monitoring the Benefit Measurement Index, and (d) requiring corrective measures and transparency in the use of resources.

I. Project Implementation procedure

The procedure for the development of the Infrastructure for Well-Being will be structured in seven stages to ensure alignment with the LGIB Objectives, transparency and proper risk allocation. We highlight that the Initiative proposes to create an exceptional regime under which Infrastructure for Well-Being projects will not be subject to ordinary public procurement procedures (public bidding, invitation to at least three persons or direct award), but rather proposes a competitive process which we describe below.

- a) Project identification. The Public Investing Entity -or a third party through an unsolicited proposal- will formulate the idea, define the problem and propose the infrastructure solution.
- b) Socio-economic analysis and Feasibility Report. This will include a social cost-benefit study, multi-year budget impact, sensitivity analysis, environmental assessment, preliminary social consultation and risk matrix. This opinion must demonstrate that the proposed option is the one with the greatest public value and that there will be a sustainable source of payment.

In the case of unsolicited proposals, the Public Investing Entity will prepare a feasibility opinion in lieu of the Feasibility Report.

- c) Authorization from the Commission to initiate the competitive process when applicable.
- d) Competitive Process which will consist of three main stages:
 - i. Pre-selection:
 - The Public Investing Entity will conduct a preliminary market analysis to identify potential participants who meet the required technical and financial profile.
 - The Public Investing Entity will formally invite potential participants to express their interest; if the project arises from an unsolicited proposal, the proponent will be added to the list under equal conditions (except in the case of minimum investment projects).
 - The Public Investing Entity will provide interested parties with an informational package of the project (its minimum content will be detailed

in the regulations of the Law) to prepare their technical and economic proposals.

- Proposals will be evaluated using criteria established by the Law and by the Public Investing Entity itself (price, quality, financing, opportunity, distribution of risks and benefits, among others). Those that best maximize economic value and social profitability will proceed to the negotiation stage.

ii. Negotiation:

- The Public Investing Entity will initiate direct negotiations with those who have passed the pre-selection, and may request adjustments or additional information to improve the project conditions.
- During this phase, the Public Investing Entity will comprehensively evaluate risks, financing sources, operating capacities and contributions of each interested party before deciding which offer is optimal.
- Exception: in minimum investment projects derived from an unsolicited proposal (with feasibility opinion and prior authorization from the Commission), the Public Investing Entity may initiate negotiations directly with the proponent, without additional competition process, provided that a market investigation demonstrates that it offers the best conditions.

iii. Selection:

- The Public Investing Entity will select the most suitable proposal according to the legal criteria and its own, verifying that it meets the LGIB Objectives and the levels of the Benefit Measurement Index.
- Based on the winning proposal, the Public Investing Entity will draft the final terms and conditions, notify the winner and set the deadline for signing the Investment Instruments, subject to the Commission's authorization.

e) Approval of Final Terms and Conditions by the Commission, ensuring that the best conditions for the State are reflected.

f) Formalization of the Investment Instruments within 60 calendar days following the award.

- g) Registration of the project in the Infrastructure for Well-Being Registry within 30 days of signing the Investment Instrument.

J. Rights, obligations and risk management

The Investing Partner will primarily assume the risks of construction, financing, operation and maintenance, in addition to responding for repairs and for the continuous provision of services. The Public Investing Entity will retain supervisory powers and, in the event of serious breaches, may exercise intervention rights, appoint an intervenor and, if necessary, terminate the Investment Instrument.

K. Rebalancing and contractual review

When administrative, legislative or jurisdictional acts substantially alter the costs or benefits of a project, the Investing Partner may request the revision of the Investment Instrument to reestablish the economic-financial balance. Any modification will require the approval of the Commission. Likewise, if a project does not meet the levels of the Benefit Measurement Index, the Public Investing Entity may require contractual adjustments or corrective measures.

L. Early termination, termination, indemnification and intervention

Upon termination of the Investment Instrument, the real estate, assets and rights incorporated into the Well-being Infrastructure will pass to the control and administration of the Public Investing Entity or its designee. The Investment Instruments will specify the assumptions, formulas, terms and conditions for the payment of an indemnity to the Investing Partner for the investments actually made in the event of early termination. The Regulations of the Law will define the regulations and principles that the Public Investing Entities must follow with respect to such indemnification.

The Investment Instruments will also state that, upon termination, the Public Investing Entity will have the option to acquire the assets owned by the Investing Partner (other than those incorporated in the infrastructure) that the latter has used to comply with its obligations.

The Public Investing Entity will have the right to intervene at any stage of the project if the Investing Partner fails to comply with its obligations or jeopardizes the development of the project. If, after the term of the intervention has elapsed, the Investing Partner does not demonstrate that the causes that originated it were solved, the Public Investing Entity will proceed to the rescission of the Investment Instrument and, as the case may be, to the

revocation of the authorizations. In these cases, the Public Investing Entity may take over the project directly or hire a new Investing Partner.

M. Transparency, registration and sanctions

The Anti-Corruption Ministry will publish on ComprasMX⁶ all information on unsolicited procedures and proposals. Sanctions will be established that will include temporary disqualifications, fines and payment of damages for those who fail to be truthful, breach contracts or do not formalize awarded instruments.

N. Well-being Infrastructure Fund

The Ministry of Finance and Public Credit will administer an Infrastructure for Well-Being Fund financed with shared excess benefits when the return is higher than expected in the Infrastructure for Well-being projects, donations and fines. The resources will be prioritized for works in rural communities and marginalized urban areas; their use will require authorization from the Commission and will be publicly reported periodically.

O. Transitory provision

The LGIB will enter into force the day after its publication in the Federal Official Gazette. The Executive Branch will have 90 working days to issue the Regulations. The Initiative will repeal the Public-Private Partnerships Law, thus concluding the framework that regulated PPP investments since 2012.

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⁶ Although the Initiative makes reference to the former digital platform “CompraNet”, it is likely that such reference will be corrected during the legislative process.