



Advancing beneficial ownership and transforming procurement systems in Mexico

Situation

Globally, COVID-19 has heightened the impact of weak procurement systems. As trillions of dollars are directed to mitigate the crisis, oversight of who is benefiting from this public spending has been found to be lacking. Beneficial ownership opacity (not knowing who owns and controls businesses), coupled with insufficiently robust public procurement systems, is undermining Mexico's response to the pandemic.

Despite these challenges, Mexico joined the [Beneficial Ownership Leadership Group](#) and created a [2019-2022 Action Plan](#) to publish a public register of the true owners of companies.

Task

Open Ownership (OO), funded by the Foreign Commonwealth and Development Office of the UK government, was asked to co-deliver the Transforming Procurement Systems (TPS) project. Its goals were to deliver rapid interventions, over just six months, to support practical, legal, policy, and digital reforms. These would start the journey to improving national oversight of how public money is spent. Focusing on using beneficial ownership data to strengthen procurement, OO needed to engage with complex dynamics that affected reform, namely:

1. Multiple agencies are involved with the task of creating a beneficial ownership register, with various technical discussions ongoing;
2. A clear pathway for advancing reforms had not emerged (in part because of a lack of clarity over which institutions were responsible for implementing which reforms);
3. A common objection to the international publication of Mexican beneficial ownership data is that it will contravene local privacy laws, possibly resulting in security problems for individuals who feature in the disclosures.



As experts in implementation of beneficial ownership, OO started the TPS project in September 2020, and was tasked to:

1. Provide technical assistance to develop a legal definition of beneficial ownership for Mexico;
2. Provide legal evidence to respond to concerns about beneficial ownership data publication and privacy;
3. Work with stakeholders to identify the local drivers and leaders of reform;
4. Identify the desired outcomes over the next 12-24 months of improving transparency in Mexico.

Action

OO provided technical assistance around definitions, including through presentations to government agencies and civil society partners involved in reforms. This was summarised into a detailed policy briefing for the Mexican government, which included a sample definition for implementers to adapt and use. OO also provided technical support on the interoperability of datasets and the Beneficial Ownership Data Standard to a Government Digital Marketplace Programme strand of the TPS project.

OO continues to work with the National Institute for Transparency and Access to Personal Data (INAI), local NGO Transparencia Mexicana (TMX) and other local stakeholders to advise on beneficial ownership, data protection and security. OO's published outputs on this topic will be well positioned to influence high-level political debate as Mexico moves towards publishing its register of beneficial owners.

Result

The work done under the TPS pilot project fed into the future roadmap for beneficial ownership reform in Mexico. There remains substantial legal groundwork and advocacy to be undertaken, but by working in conjunction with local and international parties, a great deal of progress has been made in six months.

1. By engaging with multiple stakeholders and debates, it is now clearer to all parties who is responsible for what in order to progress the reforms.
2. The initial work of drafting a policy briefing on beneficial ownership definitions and thresholds was well received.
3. Government stakeholders confirmed that one of the agencies working on the reforms would use the legal definition developed under the TPS project as the basis of their proposal for a unified beneficial ownership definition for Mexico.
4. The privacy policy guidance and materials will act as a rebuttal to common objections to a public beneficial ownership register; OO's high-level collaboration with INAI is vital, as it is the key agency legislators are likely to consult as this debate progresses.
5. OO's robust relationship with TMX means local agencies are now advocating for individuals and institutions to drive forward specific actions.

OO therefore feels confident that the reform in Mexico continues thanks to the TPS project, and INAI, TMX, and OO's published outputs will be well positioned to influence high-level political debate in the country as Mexico moves towards publishing a register of beneficial owners.

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