State Council for Economic Development and Competitiveness

Annual Incentive Program (PAI) 2024

Incentives Commission



PRESENTATION

In 2024, we will implement an updated regulatory framework aimed at streamlining procedures, reducing timelines, and offering certainty to investors looking to establish, expand, or consolidate their companies in Mexico. Additionally, we provide **fiscal and non-fiscal incentives** to encourage investment and project development within our jurisdiction

These initiatives intensify the economic promotion of the State of Mexico, aiming to attract a greater number of companies to produce here, foster productive chains, accelerate the growth of strategic sectors, and ultimately, create more employment opportunities and income sources for families in the region.

In this context, and in accordance with the Economic Development Law for the State of Mexico (articles 3, 13, 14, 15, and 17), the Annual Incentive Program (PAI) is established as a tool designed to stimulate investment, enhance our competitiveness, bolster local productive talent, energize the economy, and consequently, foster social well-being.

The 2024 Annual Incentive Program is the culmination of collaborative efforts between institutions and the shared responsibility of the business and academic sectors within the region. It represents a concerted effort and determination towards the noble goal of reaffirming the State of Mexico as a productive entity, endowed with significant competitiveness and vast opportunities.

REGULATORY FRAMEWORK



Economic Development Law for the State of Mexico:

- Article 3, Section XXII. Establishes that a fiscal incentive is a benefit provided by the state government to taxpayers with the aim of promoting investment and fostering economic development.
- Article 13, Section V. Stipulates the responsibility of the State Council for Economic Development and Competitiveness, which includes the preparation and approval of the Annual Incentives Program for the respective fiscal year.
- Article 14, Third Paragraph. States that the Third Session of the Council shall convene no later than the first week of October, with the
 objective of approving the Annual Incentive Program for the subsequent year. This program will be forwarded to the head of the
 Executive Branch no later than the first week of November for potential inclusion in the Expenditure Budget project for the respective
 year.
- Article 15. Indicates that the incentives comprising the Annual Program may be both fiscal and non-fiscal in nature.
- Article 17 defines non-fiscal incentives as the complement of actions and investments that investors and entrepreneurs undertake to support productive projects or activities.

PAI Objectives (Art. 13 Sec. V)

- Attracting new investments to the State;
- Promoting the strengthening of companies established in the State;
- Supporting the consolidation of companies in strategic sectors;
- Supporting the creation of MSMEs and fostering the growth of those already established in the State; &
- Promoting productive projects in municipalities or geographic areas characterized by extreme marginalization and poverty.

FISCAL INCENTIVES



NO.	MINISTRY	DENOMINATION	DECRIPTION
1	Ministry of Finance	100% tax subsidy on the Payroll Tax (ISERTP in Spanish).	 For the 60 months following the generation of employment, hiring, change, or commencement of operations, as applicable, for the following taxpayers: Companies that, during the Fiscal Year 2024, relocate their employment sources from any Federal Entity to the State of Mexico. Taxpayers who commence operations during Fiscal Year 2024 with their employment sources and tax domicile located in the State of Mexico. Those who expand their workforce during Fiscal Year 2024. In this scenario, the subsidy will cover the tax liabilities related to the new positions, calculated based on the highest workforce declared during Fiscal Year 2024. In this scenario, the subsidy cover the tax liabilities related to the new positions, calculated based on the highest workforce declared during Fiscal Year 2024. For the 36 months following the generation of employment, hiring, change, or commencement of operations, as applicable, for the following taxpayers: Those who generate new jobs in the State of Mexico for workers aged 60 years or older during Fiscal Year 2024. Those who create employment opportunities for individuals who have obtained a post-graduate, technical, technological, or professional degree in the years 2022, 2023, or 2024. For 24 months following the hiring, taxpayers who employ individuals: Who are entering the labour market for the first time. Belonging to a community of indigenous origin. Released under the Amnesty Law of the State of Mexico, those on prerelease, and individuals who have completed their sentences. Domestic workers. e) That have been repatriated to the Entity in the years 2022, 2023 or 2024.



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			 IV. For the 12 months following the increase, hiring, or addition of positions, as applicable, for the following taxpayers: a) Those who, during Fiscal Year 2024, hire individuals who lost their formal employment between March and December 2020, and between January and December 2021, into new positions.
			If the positions created in 2024 are terminated, the subsidy will cease to be applicable from the month immediately following the month in which the respective layoff occurs. For the purposes of this subsidy, the workforce registered as of December 31, 2023, will serve as the basis.
	Ministry of Finance		For the 12 months following the subsidy declaration in the corresponding declaration for female heads of household with up to 3 employees.
2		Exception from paying the Payroll Tax (ISERTP) for expenses incurred on behalf of disabled individuals or individuals with terminal, chronic, or degenerative diseases.	Exemption from the ISERTP for natural or collective legal persons, including joint ventures, who, during fiscal year 2024, incur expenses for remunerating individuals with disabilities or terminal, chronic, or degenerative diseases, which hinder or limit their ability to perform their duties in a job within the territory of the State of Mexico.
3		Subsidy on the Tax on the Provision of Accommodation Services for natural persons and legal entities.	50 percent subsidy on the Tax on the Provision of Accommodation Services for natural persons and legal entities that incur expenses for accommodation or shelter services during stays of more than 15 consecutive days in the Entity.
4		Subsidy on the payment of Ecological Taxes.	I. To taxpayers commencing operations with their employment sources and tax domicile in the State of Mexico during Fiscal Year 2024, a 100 percent subsidy for the subsequent 12 months on the Tax on the Emission of Polluting Gases into the Atmosphere, the Ecological Tax on the Disposal, Confinement, and Storage of Waste, and the Tax on the Emission of Pollutants into Water.
			II. A 50 percent subsidy for 12 months on the Ecological Tax on the Disposal, Confinement and Storage of Waste is authorized for taxpayers who formulate and execute a Waste Management Plan in accordance with the General Law for the Prevention and Comprehensive Management of



NO.	MINISTRY	DENOMINATION	DECRIPTION
			Waste, its Regulations, the official Mexican standards, the Fourth Book of the Code for Biodiversity of the State of Mexico and its Regulations.
	Ministry of		
	Finance		
5		Subsidy for the Vehicle Ownership or Use Tax	 Article 60D. The tax shall not apply to the possession or use of the following vehicles: Frac. I. Electric vehicles used for public transportation of people.; Frac. IV. Those held by manufacturers, assembly plants, their distributors, and dealers in the vehicle industry for sale for a period equal to or less than one year, provided that such vehicles are not allocated to their own use or that of their officials or employees and do not bear license plates. Article 60F. The tax shall be levied at a rate of 0% for the following vehicles: I. Electric or hydrogen-powered engine vehicles, HEV, and PHEV hybrids, as stipulated in subsections b) and c) of section XII of article 60B of this Code, solely for the first five years of the vehicle's age.



NO.	MINISTRY	DENOMINATION	DECRIPTION
6		Subsidy for the payment of fees for transmission services and provision of credits for the acquisition and construction of social housing	Subsidy during Fiscal Year 2024 for the payment of fees for transmission services and provision of credits for the acquisition and construction of social housing, as provided by the Institute of the Registry Function of the State of Mexico.
7	Legal Department	Properties designated for low- impact commercial or industrial activities spanning less than 2000 m².	Certificates of existence and non-existence of liens and transfer of ownership deeds regarding properties designated for low-impact commercial or industrial activities of less than 2,000 m ² are issued within one business day and are exempt from service fees. To streamline these processes, a single window has been implemented in each Registry Office.



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8	Ministry of the Environment and Sustainable Development	Environmental Self-Regulation: reducing the emission of pollutants into the atmosphere from the exhaust of diesel vehicles circulating in the territory of the State of Mexico.	 This type of certificate will be granted to cargo vehicles that utilize diesel as fuel, registered in the State of Mexico, in another federal entity, or with federal license plates, provided they have prior registration in the Environmental Self-Regulation Scheme of Diesel Vehicles in the State of Mexico (Concertation Agreement) and comply with the determinations set forth by the General Directorate. Natural persons and legal entities may voluntarily participate in obtaining registration, provided that their activities or corporate purposes involve the use of freight transport vehicles powered by diesel. Vehicles owned by individuals or collective legal entities integrated into the self-regulation scheme will receive a Type 'A' Certificate for each unit, valid for a period of two years.: Exemption from the Mandatory Vehicle Verification Program currently in effect in the State of Mexico. Exemption from the circulation restrictions outlined in the Hoy No Circula Agreement currently enforced in the State of Mexico. Exemption from the circulation restrictions outlined in the Atmospheric Environmental Contingency Programs in the State of Mexico.
9		Exemption Certificate Type 'E'	This ecological incentive targets hybrid or electric vehicles registered in the State of Mexico that meet the requirements outlined in the current Mandatory Vehicle Verification Program, thereby exempting them from the 'Hoy No Circula' Agreement.

NON-FISCAL INCENTIVES



NO.	MINISTRY	DENOMINATION	DESCRIPTION
1	Ministry of Culture	Free promotion for the businessmen through the State Tourism platform	Publish the services and activities offered by tourism service providers registered with the Ministry of Culture and Tourism on the State Tourism Platform.
2	and Tourism	Selling crafts under the consignment scheme at CASART stores.	Promote the sale of pieces and products by Mexican artisans through initiatives to promote and commercialize artisanal products under the CASART consignment scheme.
3	Ministry of Welfare	Productive initiatives for indigenous communities.	This initiative promotes alternative or complementary economic activities aimed at generating monetary income for the beneficiaries, while considering the conservation of natural resources, the sector aspects, and the knowledge required for the activities to be undertaken. The incentive is provided in kind
4	Ministry of Finances	Equal conditions for MSMEs in procurement processes.	In accordance with Article 19 of the Law for Economic Development and Article 40 of the Public Procurement Law of the State of Mexico and its Municipalities, MSMEs are entitled to participate on equal terms in procedures for the acquisition, disposal, leasing, and contracting of services conducted by state and/or municipal public administration agencies.
5	Ministry of	Tailored training programs for the industrial sector developed through strategic partnerships with business associations	Tailored training programs for the industrial sector based on strategic alliances with business associations
6	Ministry of Education, Science, Technology and Innovation	Labor competency certification.	The College serves as a Certification and Evaluation Entity authorized by the National Council for Standardization and Certification of Labor Competencies (CONOCER) to provide training, assessment, and certification of individuals' skills according to Competency Standards. This is carried out through its 41 Training Centers. Upon assessment, individuals receive a certificate of labor competency for each evaluated Competency Standard. These certificates are issued by the Ministry of Public Education through CONOCER and with the support of the State of Mexico's CONALEP Certification Entity.



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7		Dual Education Model	Companies interested in participating in Dual Education can apply for these incentives, which may include scholarships or financial support, covering transportation or meal expenses for students enrolled in the dual education program.
8	Ministry of Education, Science,	Program to promote the protection of industrial property COMECYT – EDOMÉX.	Program aimed at promoting the protection of industrial property, offering a 100% reimbursement of the fee amount for invention services submitted to the Mexican Institute of Industrial Property (IMPI) from September 2023 to November 2024. This includes the issuance of the registration title and the annuities for the conservation of the rights it confers, as applicable.
9	Technology and Innovation	Program for the Development of Prototypes COMECYT-EDOMÉX	The program offers financial assistance to MSMEs and individuals engaged in business activities, providing support of up to \$500,000.00 (Five hundred thousand pesos 00/100 M.N.) for the development of prototypes featuring high levels of technological innovation at TRL levels 2, 3, and 4, focusing on: Industrial application of technological development; Creation of new products or processes; Improvement of existing products or processes; Utilization of byproducts or waste; & Implementation of technological IT support projects involving the application of new technologies or innovative business or service concepts.
10		Program for Linking Companies with Higher Education Institutions and Research Centers (COMECYT - EDOMÉX).	The program offers financial assistance to micro, small, medium, and large companies for projects ranging from TRL levels 4 to 9. These projects are conducted collaboratively with public Higher Education Institutions (IES) and Research Centers (CI), as well as private entities located in the State of Mexico. Additionally, up to two MSMEs established within the state may be included in the program.
11	Ministry of Education, Science, Technology and Innovation	Young Entrepreneurs and Innovators Program COMECYT- EDOMEX.	The economic support program aims to foster technology-based entrepreneurship among young Mexicans under 29 years old, attending or graduating from public or private higher education institutions in the State of Mexico. The project should aim to enhance a product, process, or service; address a technological challenge; and/or introduce technological innovations, with the goal of fostering the establishment or growth of a company or business.



NO.	MINISTRY	DENOMINATION	DESCRIPTION
12		Offering legal counsel and guidance.	Free legal advice and guidance are provided to all individuals regardless of the issue, be it criminal, civil, family, commercial, agrarian, administrative, labour-related, or any other legal matter. This service is available to anyone who requests it.
13	Legal Department	Legal counsel specializing in agricultural matters.	Legal assistance is provided to anyone with a procedure or process involving an agrarian authority.
14	Ministry of Economic	Guidance for obtaining the barcode from GS1 Mexico.	Assistance provided to local MSMEs includes guidance on acquiring GSI Mexico Barcode and Electronic Product Catalogue Syncfonía memberships, essential for marketing products in various retail channels such as self-service, departmental, convenience stores, and others as needed.
15	Development	Training in foreign trade.	Providing education on various aspects of the export process, including seminars, workshops, and courses. These sessions may serve as an introduction for companies looking to expand into exporting their products.
16		Assistance in participating in missions and international trade fairs.	Additional support and guidance for local companies participating in international promotional activities.
17		Development of projects aimed at exporting.	It involves analysing the international market potential of a particular product for those seeking to expand into global markets.
18		Technical advice on foreign trade.	Guidance on matters concerning the export process is offered via phone calls, emails, or in-person consultations. These sessions cater to both newcomers, providing introductory insights, as well as to experienced exporters seeking updates and refinements to their strategies
19	Ministry of Economic Development	Industry assistance	To meet the needs of existing industries in the region, personalized guidance and support are offered, along with liaison and assistance with various federal, state, and local government agencies.



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20		Specialized assistance for obtaining the State Impact Assessment (EIE).	Specialized guidance is provided for assembling the documentation required to obtain the State Impact Assessment (EIE) issued by the State Impact Commission (COIME), accessible through the Business Service Directorate's Management Windows.
21		Industrial land offering with interest-free financing.	Industrial plots are offered with financing options, including schemes with a 30% down payment and up to 12 interest-free monthly instalments, as well as a 40% down payment and up to 18 interest-free monthly instalments for industrial parks managed by FIDEPAR.
22		Specialized guidance on geological, mining, and environmental issues	Offer information on technical, legal, and administrative aspects to encourage the sustainable utilization of mineral resources and the advancement of mining initiatives, fostering employment opportunities in mining areas.
23		Colibri Emprende Credit.	The 'Colibrí Emprende Credit' Program aims to support entrepreneurial individuals aged 18 to 64 residing in the State of Mexico. It provides credit and financial advice to bolster various types of businesses, including agro-industrial, rural industrial, semi-urban, urban, family-owned, artisanal, trade, or service-oriented ventures. This support can be utilized for purchasing inputs/raw materials or acquiring equipment, machinery, and adapting business operations. The program operates across all 125 municipalities of the entity.
24	Ministry of Economic Development	Impulse for Industrial and Regional Development in the State of Mexico.	The Impulse Program for Industrial and Regional Development in the State of Mexico aims to support micro, small, and medium-sized companies in the commerce, services, and industry sectors. It facilitates their access to financing through commercial banking at a fixed rate of 14.75% per year, with a grace period of up to 6 months for both principal and interest payments.



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25		Offering guidance to companies in the commercial, industrial, and domestic sectors on the implementation of renewable energies, along with its economic schemes and models.	Provides specialized services tailored to companies in the commercial, industrial, and domestic sectors. Offering advice, training, and guidance aimed at adopting financially sustainable solutions that prioritize environmental preservation while generating economic savings through the adoption of clean and renewable energies. Aiming to facilitate the energy transition within the entity.
26		Structure for renewable energy projects.	Encourage the shift towards a cleaner and more sustainable energy system, less reliant on non-renewable sources, and mitigating associated negative impacts. This involves facilitating the planning, development, and operation of renewable energy projects.
27	Women's Ministry	Workshops aimed at empowering women.	The Women's Ministry, in collaboration with other government agencies in the State of Mexico, provides empowerment training for women at Women's Care Centres located in various municipalities. These centres, situated in Ecatepec, Zinacantepec, Aculco, San Felipe del Progreso, Atizapán de Zaragoza, Valle de Bravo, Chiconcuac, Atlacomulco, and Tecámac, aim to enhance women's well-being and enable them to lead dignified lives. The activities offered at these centres focus on empowering women in various aspects such as economic independence, physical health, and decision-making abilities. They include courses, workshops, talks, and other activities designed to promote women's empowerment.
28	Ministry of the Environment and Sustainable Development	Environmental Certification for Companies.	The Environmental Certification is awarded to industrial, commercial, service, and municipal establishments that exceed the environmental performance standards set by regulations. This compliance is verified through the conduct of an environmental audit.
29	Ministry of Health	Providing technical guidance to streamline compliance with health regulations for establishing, expanding, and regularizing businesses.	Encouraging company development and establishment by offering specialized technical guidance on meeting health requirements.



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30		Training on health control, regulations, and sanitary promotion.	Receive guidance and training on health regulations and sanitary promotion matters.
31		Guidance on pharmacovigilance tailored for health professionals, patient associations, and distributors or marketers (points of sale).	Offer guidance emphasizing the significance of the program, particularly in notifying suspected adverse reactions to medications, events potentially linked to vaccination and immunization, and adverse incidents. Additionally, provide insights into the new data capture system implemented in healthcare settings for health professionals or pharmaceutical distributors/marketers.
32	Ministry of Security	Silent Warning System, CODE C5.	The C5 Silent Alert System is a virtual panic button devised by the Secretariat of Security in the State of Mexico. Its purpose is to expedite response times and enhance emergency dispatch procedures. The C5 Code is an exclusive URL, allocated by the C5 beforehand. When activated via the virtual button, it instantly generates a folio in the 9-1-1 Emergency Capture System. This folio includes the establishment's pre-entered data, streamlining emergency response and dispatch procedures. Moreover, the Silent Alert System's C5 Code enables the linking of the establishment's CCTV cameras for real-time data gathering, accessible on-demand and solely during the event.
33		Assistance for purchasing essential vegetables, fruit trees, flowers, and agro-industrial inputs	Assistance is provided for acquiring the necessary products for planting, managing, producing, and harvesting agricultural, fruit, and vegetable crops, as well as floricultural and agro-industrial crops, including vegetative material and organic production.
34	Agrarian Ministry	Training is available for production, harvesting, and post-harvesting techniques in basic grains, fruits, flowers, and agro-industrial vegetables.	Assistance is provided through training services aimed at enhancing the production process, harvesting, and post-harvesting of agricultural, fruit, and vegetable crops, as well as floriculture and agro-industrial crops. Additionally, support is available for the production of organic products.



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35		Generation of new seed varieties	Generation of new seed varieties with enhanced genetic potential to increase productivity, tailored to each region.
36		Verify, promote, and provide training on certification schemes for agri-food safety and quality issued by national and international bodies to facilitate obtaining certification	Verify, encourage, and provide training to producers or production units to ensure compliance with good production practices and contamination risk reduction systems. This is aimed at agricultural and aquaculture producers interested in obtaining certifications for food safety and quality. The goal is to produce healthy foods that meet the marketing standards of a differentiated market. Assist agricultural and aquaculture producers in obtaining certifications for agri-food safety and quality by covering 75 percent or up to 40 thousand pesos of the certification costs. This support extends to various aspects, including evaluation for certification, laboratory analysis, rehabilitation or conditioning of infrastructure, and procurement of production or transformation equipment and tools.
37	Agrarian Ministry	Modernization of livestock production units	Technical support services to individuals engaged in dairy cattle, sheep, pork, beef cattle, rabbit, goat, and beekeeping production.
38		Provide assistance for acquiring offspring from the State Aquaculture Reproduction Centers to be stocked in farms and reservoirs.	Assist in the production and distribution of offspring of various aquaculture species for stocking, aiming to encourage the comprehensive utilization of the entity's reservoirs and production units. Beneficiaries include aquaculture farmers, auxiliary municipal authorities supporting riverside communities engaged in collective planting and utilization of fishery products from reservoirs, and those operating aquaculture production units.



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39	Agrarian Ministry	Ecological Restoration of Forest Ecosystems: The Water Forests Concept	The Ecological Restoration of Forest Ecosystems program aims to facilitate the recovery of forest ecosystems by promoting reforestation initiatives. Through this program, financial assistance, plant donations, and technical support are provided to agrarian communities, individuals, and legal entities who own or manage forested areas, particularly in the State of Mexico. The goal is to preserve, enhance, and expand Mexican forests through targeted restoration efforts.
40		Sustainable Forest Management, Forest Technical Studies (ETF in Spanish) concept	The Sustainable Forest Management Program aims to support the sustainable management of forest resources by providing financial assistance to landowners and/or possessors of forested areas interested in implementing sustainable forestry practices on their land.
41		Carbon Capture	The program aims to maintain or increase carbon storage in forest plantations for timber or reforestation purposes in the Mexican entity. It provides financial support and forestry technical assistance to owners and/or possessors, enabling them to carry out conservation, management, protection, and conservation actions that promote forest care. This contributes to the capture and storage of carbon dioxide (CO2).
42		Payment for Hydrological Environmental Services in the State of Mexico	The program aims to sustainably maintain Mexican forests by offering financial assistance to owners and/or occupants of land covered by temperate forests, jungles, and vegetation in arid zones within the State of Mexico. This assistance is targeted at areas with forest coverage equal to or greater than 50%, as well as vegetation in semi-arid areas with coverage equal to or greater than 40%.
43		Sustainable Plantations, support concept: Registry of Commercial Forest Plantations	The aim of the program is to register commercial forest plantations, thereby fostering sustainable forest production and supporting small-scale Mexican producers.
44	General Ministry of Government	Training courses on the safe handling and management of pyrotechnic articles, targeted at State and Municipal Public Security Systems.	Providing training courses on the safe handling and management of pyrotechnic articles, specifically designed for State and Municipal Public Security Systems.



NO.	MINISTRY	DENOMINATION	DESCRIPTION
45		Organize training sessions tailored for pyrotechnicians.	Provide guidance on the proper preventive measures for handling chemical substances used in the manufacturing, storage, and display of fireworks, targeting producers and merchants across the regions of the State of Mexico.
46		Consultancy services for the pyrotechnic sector.	Provide legal advice to the pyrotechnic sector.
47		Facilitate job placements for graduates of training courses within the Mexican productive sector.	Address the demand for skilled labor required by companies by connecting graduates of job training courses with employment opportunities.
48		Tailored training courses for self- employment (CEAin Spanish).	Contribute to enhancing productivity levels across various sectors of society by addressing the training needs identified by different institutions and social organizations throughout the State of Mexico. This involves coordinating and scheduling training courses tailored to the specific requirements of these sectors.
49	Ministry of Labour	Specialized accelerated training courses (CAE in Spanish).	Provide specialized, flexible, and dynamic training to the Productive Sector to capture, optimize, and strengthen the skills and abilities of workers, whether in person or remotely.
50		Encourage registration for the Self- verification Program in General Working Conditions.	The Self-Verification in General Working Conditions program is an alternative mechanism to inspections, granting a vote of confidence to the representatives of the work centers, allowing representatives of workplaces to self-verify compliance with current labor regulations.
51		The School of Arts and Crafts offers job training courses both in-person and remotely to individuals over 15 years old. These courses aim to impart skills, abilities, and knowledge in various qualified trades, preparing participants for the workforce	The program caters to the needs of individuals seeking to acquire knowledge, develop skills, and enhance their abilities, thus enabling them to enter the workforce successfully.



NO.	MINISTRY	DENOMINATION	DESCRIPTION
52		Encourage local entrepreneurship by providing support through the delivery of productive projects.	Providing in-kind support to impoverished to locals who have entrepreneurial projects by delivering furniture, machinery, equipment, or tools to improve their quality of life.

PROCESS INSTRUMENTATION



- ✓ Following the prescribed procedures, operating rules, and authorized budget, the implementation of programs and/or actions shall be the responsibility of the competent ministries and/or organizations.
- ✓ The incentives described herein are illustrative; the executing agencies bear the official designation.