

**Consultas sobre la Estrategia de Gobernabilidad y Anticorrupción del Banco
Mundial en México**

Multilateral Organizations – Dec 18th, 2007

USAID has already been working on good governance issues in Mexico for 4 years now. Their experience has shown them that:

- a) The last government was very committed to promoting good governance, especially regarding the civil service law, transparency, financial management, Federal and State transfers, and attempts to carry out a judicial reform that did not materialize due to technical and political barriers. They hope this government shows the same commitment.
- b) State and municipal governments have been doing more efforts to promote governance reforms. They are assuming a new and more important role and can be seen as laboratories for possible projects at the national level.
- c) Moreover, reforms at the state level could facilitate consensus to later on carry out reforms at the Federal level. USAID is currently supporting 15 state governments to undertake judicial reforms, for example to achieve oral trials (Nuevo Leon, Chihuahua, Jalisco, Oaxaca, Tamaulipas, Zacatecas, Veracruz, among others). The goal is to have reformed judicial systems in at least 17 states, aiming for the needed majority to pass constitutional reform, so when the judicial reform is discussed at the Federal level, it is easier to approve it.
- d) Mexican states implement most of the laws in the country and manage a great portion of the resources. Therefore, multilateral organizations need to pay more attention, and focus more on, sub-national governments when planning good governance projects.

PNUD has focused mainly on regional inequality and inequality in different dimensions of development. Regarding good governance, there needs to be more emphasis on access to justice. People with fewer resources have less access to good quality public defense. At the Federal level, there is more progress but this needs to be lowered to the state level.

On the other hand, accountability also needs to be considered, especially in terms of political representation. In Mexico, there is not direct link between citizens and their representatives in Government because of the no re-election rule. At least a debate should be triggered on this issue.

Finally, local management skills/capacities should be improved. Local governments can do more to enhance efficiency of service delivery on specific areas such as health, education and security that are within their limited legal responsibilities. However, most governments lack the resources (technical, human, infrastructure) to perform well in those areas. In order to do so, they need more resources and staff that is better prepared. Furthermore, the excessive dependence on federal transfers limits incentives for local tax collection; but again, in order for them to collect more, they need staff with higher skills.

Regarding question #1, what to do in countries with weak governance? If there is no commitment from the central government, mechanisms should be found to reach the

states and the municipal governments, establish good practices at that level that could serve as examples for the central government at a later stage and publicize them widely. Also, civil society should be strengthened and citizen participation institutionalized. For example, as in the Mexican Federal Institute. Progress should be made in creating spheres of participation within public institutions that could play a role in decision making and be independent from the authorities.

Also, instead of penalizing countries with weak governance, positive incentives should be created for them to be more open towards accountability, transparency and so on. The issue of incentives is key and there are a lot of mechanisms the Bank could use in this regard (reductions in the interest rate of loans, additional technical assistance, and so on).

USAID is working with the Federal government in developing some instruments to promote good governance, such as the manual of citizen's language and citizen's charters, but there needs to be an effort to take those instruments to the states, empower citizens and create participation mechanisms. There are some interesting initiatives in this regard, such as the one-shop portal (Ventanilla Unica). However, when initiatives at the Federal level are implemented in the states they always struggle with the problem of the lack of capacity. Also, citizens need to be empowered. A toolkit on good governance needs to be developed, but one that can be disseminated at the local levels. A toolkit that allows the citizen to express what they believe good governance should be, particularly on the performance evaluation area, where the government really needs to involve the citizens.

Regarding question #2, something that could bring good results is working through networks. This could be a useful and productive approach because the hierarchical system is eliminated. This can be done through experts on different areas, and maybe thematic groups. For example, SIAPEN on digital government and competitiveness. There has also been a good effort by the Bank (through FIAS) to disseminate the Doing Business Mexico Report on 10 states. This is the type of exercise that should be expanded to state and municipalities. This would help creating incentives at the state level because as it would provide public recognition to performing states.

It is important; in order to better support the states, to create synergies with the Federal Congress and other key actors.

A big challenge is to include corruption and governance in the social agenda in countries with an endemic and cultural problem. These topics need to be included in the public debate to help change the society's culture through sound educational programs. Corruption is a cultural issue that can be best tackled from the early childhood in order to eventually see a change in society in the middle and long terms. In the short term, the GAC agenda should be institutionalized so it can survive different administrations.

There also needs to be more collaboration among multilateral and bilateral agencies since many of their activities are similar, and there is little coordination among agencies in these issues. There is a lot of room for sharing instruments and learning. This could be

done establishing work groups that could be split in small groups focused on specialized issues of common interest. A suggestion is to create a National Good Governance Network with local champions from academia, government, etc; this idea is already being explored by USAID but they are waiting for the new Government's viewpoint. The British Embassy and Council are also working on this option. There needs to be a debate on how to establish this Network in a middle income country like Mexico.

An example of this collaboration is the project that IADB and the Bank have been doing on Harmonization of Procurement Policies with the Secretaría de la Función Pública. Country systems can be better used by the agencies if they collaborate in this area.

However, in governance and anticorruption issues, there is a need for an MOU to be signed at the highest level to formalize this collaboration between agencies. so that it doesn't end up just being a nice informal talk that cannot be implemented afterwards. This Memo must be signed and agreed upon by all agencies. An MOU would make collaboration easier, at least for the IADB.

Regarding question #4, there is no problem with different donors having different GAC strategies, as long as we identify areas of collaboration and we coordinate well not to duplicate efforts. The perception is that there is little collaboration among multilateral agencies, so it is advisable to hold periodic meetings sponsored by all the agencies and establish thematic groups.

Regarding question #5, how to monitor progress in governance, an option could be to empower citizens to do so.

Mexico's experience on Transparency issues could be serve as an example for other countries in the region, and agencies could disseminate good practices in the region, such as this one, to other countries in the region that could be interested in adapting and replicating the model.

The problem for Banks in this area is that there is no financial need in Mexico. Sometimes it's easier for the country to work with bilateral agencies on specific issues and access good practices from other countries. In Mexico, there is no need of loans but specialized technical assistance. What is needed is for the government to have a real need on a specific issue so that there is ownership of the projects. Our focus needs to go beyond providing loans, to offer flexible ontime specialized technical assistance and good international practices. Maybe supporting them by funding trips to other countries where particular programs have been successful so they can replicate them in Mexico once Mexican authorities get to know those projects first hand; that way it will be easier to adapt them to the Mexican context.

Also, we need to go beyond the Executive and start engaging in dialogue with other actors, triggering or supporting the creation of networks of multiple actors. For example, the Judicial Reform was made by the Executive but with the involvement of state

governments, the private sector and other actors. The same applied for Regulatory Reforms and the Doing Business Report.

The agencies could facilitate the creation of these networks and then let them grow by themselves once consolidated. They will naturally find sponsors if they have a strong beginning. This way you create ownership among the actors. Agencies can facilitate the initial dialogue among the actors.

The minutes that the Bank does of these consultations should be circulated among actors so that all the agencies can enrich its contents.

A final suggestion on the networks is not to look only for institutional representation, but also for individual perspectives. This helps avoid bureaucratic burdens and allows for a more candid dialogue.