



Follow up Report on the OECD Integrity Review of Mexico

RESPONDING TO CITIZENS' EXPECTATIONS



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Acronyms and Abbreviations

ASOFI	Association of Supervisory Bodies and Government Control (<i>Asociación Nacional de Organismos de Fiscalización Superior y Control Gubernamental</i>)
ASF	Supreme Audit Institution (<i>Auditoría Superior de la Federación</i>)
CEPCI	Conflict of Interest Prevention Committees (<i>Comités de Ética y de Prevención de Conflictos de Interés</i>)
CGU	Comptroller General of the Union (Brasil) (<i>Controladoria-Geral da União</i>)
CIDE	Centre for Investigation and Economic Teaching (<i>Centro de Investigación y Docencia Económicas</i>)
COCODI	Committee of Control and Institutional Performance (<i>Comité de Control y Desempeño Institucional</i>)
CONAGO	National Governors Conference (<i>Conferencia Nacional de Gobernadores</i>)
CONAMM	National Mayors Conference (<i>Conferencia Nacional de Municipios de México</i>)
CPC	Citizen Participation Committee of the National Anti-corruption System (<i>Comité de Participación Ciudadana del Sistema Nacional Anticorrupción</i>)
CPCE-F	Permanent Commission of State-Federation Comptrollers (<i>Comisión Permanente de Contralores Estados-Federación</i>)
CURP	Personal Identity Code Number (<i>Clave Única de Registro de Población</i>)
DAC	Departmental Audit Committee (Canada)
DGDI	General Department for Reports and Investigations (<i>Dirección General de Denuncias e Investigaciones</i>)
ERP	Enterprise Resource Planning
EUR	Euro
GACM	Airport Group of Mexico City (<i>Grupo Aeroportuario de la Ciudad de México</i>)
GTCI	<i>Grupo de Trabajo sobre Control Interno</i>
IARD	<i>Reclutamiento y Desarrollo de Auditoría Interna</i> (Canada)

KPI	Key Performance Indicator
LAASSP	Law on Acquisitions, Leasing and Services of the Public Sector (<i>Ley de Adquisiciones, Arrendamientos y Servicios del Sector Público</i>)
LACS	Local Anti-corruption Systems (<i>Sistemas Locales Anticorrupción</i>)
LGRA	General Law on Administrative Responsibilities (<i>Ley General de Responsabilidades Administrativas</i>)
MAAG-CI	Manual of Internal Control System (<i>Manual Administrativo de Aplicación General en materia de Control Interno</i>)
MXN	Mexican peso
NACS	National Anti-corruption System (<i>Sistema Nacional Anticorrupción</i>)
NACS Law	General Law of the National Anti-corruption System (<i>Ley General del Sistema Nacional Anticorrupción</i>)
NAS	National Auditing System (<i>Sistema Nacional de Fiscalización</i>)
OECD	Organisation for Economic Co-operation and Development
OIC	Internal Control Bodies (<i>Órganos Internos de Control</i>)
PGR	Attorney General Office (<i>Procuraduría General de la República</i>)
PNCE	National School Coexistence Programme (<i>Programa Nacional de Convivencia Escolar</i>)
PTAR	Risk Management Working Programme (<i>Programa de Trabajo de Administración de Riesgos</i>)
RFC	Tax Identification Number (<i>Registro Federal de Contribuyentes</i>)
RSPS	Registry of Sanctioned Public Officials (<i>Registro de Servidores Públicos Sancionados</i>)
SAT	Tax Administration Service (<i>Servicio de Administración Tributaria</i>)
SDG	Sustainable Development Goals
SEP	Ministry of Education (<i>Secretaría de Educación Pública</i>)
SFP	Ministry of Public Administration (<i>Secretaría de la Función Pública</i>)
serOVC	Evaluation System for Internal Control Bodies' Results (<i>Sistema de Evaluación de Resultados de los Órganos de Vigilancia y Control</i>)

SIDEC	Comprehensive System of Citizen Complaints (<i>Sistema Integral de Denuncias Ciudadanas</i>)
SIRA	Comprehensive System of Administrative Responsibility (<i>Sistema Integral de Responsabilidades Administrativas</i>)
SIRI	System Register for Sanctions and Inability Causes (Colombia) (<i>Sistema de Información de Registro de Sanciones y Causas de Inhabilidad</i>)
SPAR	Administrative Procedures Responsibilities System (<i>Sistema de Procedimientos Administrativos de Responsabilidades</i>)
TFJA	Federal Tribunal of Administrative Justice (<i>Tribunal Federal de Justicia Administrativa</i>)
TIAPS	Training for Internal Auditors in the Public Sector (Canada)
UEIPPCI	Ethics, Public Integrity and Conflict-of-Interest Prevention Unit (<i>Unidad de Ética, Integridad Pública y de Prevención de Conflictos de Intereses</i>)
UPCP	Public Contracting Regulations Unit (<i>Unidad de Política de Contrataciones Públicas</i>)

Executive summary

The National Anticorruption System (NACS) has the potential to be a “game changer” in Mexico’s fight against corruption. The new government can use it to define an inclusive anticorruption agenda that mainstreams integrity across the whole of government and society. This report provides a roadmap for key actors in Mexico’s public integrity system to implement this agenda. It also identifies weakness and areas for further reform.

Building a coherent and comprehensive integrity system

The NACS is currently developing a National Anticorruption Policy through an inclusive consultative process engaging citizens, institutions, business, academia, subnational governments and sectors. Close co-operation and exchanges with the government teams shaping other national strategies, such as the National Development Plan, would help ensure the mainstreaming of integrity throughout the public sector. The draft policy touches upon key issues and challenges, but could further emphasise priority areas such as the financing of political parties and election campaigns, internal control and risk management, and the role of stakeholders such as private sector, civil society and trade unions in promoting a whole-of-society culture of integrity.

Mexico has laid the foundations for a more co-ordinated approach to fighting corruption by creating a system that brings together key actors and gives a prominent role to civil society. However, to further mainstream integrity objectives across the whole of government, Mexico could consider including other relevant actors such as electoral bodies and the tax administration service. Moreover, the system is not yet fully operational because some NACS members, such as the Specialised Anticorruption Prosecutor and magistrates of the Federal Administrative Justice Tribunal, have not yet been appointed. The NACS Citizen Participation Committee, which channels input from civil society and whose legitimacy relies on its objectivity and independence, requires formal recognition as legal entity and regular funding to support its team and operational needs. The NACS’ National Digital Platform, which will promote information sharing and co-ordination at all levels of government, is currently being designed, along with an Advisory Group to address technical challenges and providing strategic recommendations.

The Ethics and Conflict of Interest Prevention Committees (CEPCI) are not able to mainstream integrity effectively due to their members’ lack of expertise and competing priorities. To ensure that the normative framework does not only exist on paper, permanent integrity units could be nominated in each public entity, replace the CECPI with dedicated staff, either full-time or part-time depending on the size and the specific integrity risks of the entity. Such units could have purely preventive functions, with sufficient financial resources to implement the activities related to their mandate, and a direct reporting line to the highest authority of the respective entity.

The NACS promotes co-ordination between levels of government by constructing and engaging local anticorruption systems (LACS) in each State. The NACS' continuous monitoring of progress in building LACS reveals that not all States have implemented their own systems to the same degree. The NACS could further promote and develop its monitoring activity by raising public awareness of States' shortcomings, but also by including a qualitative analysis of LACS implementation to ensure that the bodies and mechanisms function effectively and are not captured *de facto* by local powers.

Enabling a culture of integrity

Mexico has also revised the General Law on Administrative Responsibilities (LGRA) and integrity standards, such as the Code of Ethics and Integrity Rules. The *Guidelines on preventing and managing conflicts of interest* provide concrete case studies, outline how to identify a conflict-of-interest situation, and suggest how to resolve it. However, if not supported by an institutional framework, such as the integrity contact points, mere laws and standards will be insufficient to build a culture of integrity.

In line with the *OECD Integrity Review of Mexico*, the NACS Co-ordination Committee approved new asset declaration forms in September 2018. These new forms require a broader and more detailed disclosure of information according to the hierarchical level of the public servant. Nonetheless, it will be crucial to establish an effective verification process to detect cases of illicit enrichment and conflict of interest. Such a process could consist of basic verifications on a random basis for the majority of declarations and full audits based on risk-based criteria. Furthermore, the National Digital Platform should empower the Ministry of Public Administration (*Secretaría de la Función Pública*, SFP) to conduct automatic cross-checks with other databases such as the tax declaration, civil registry, land registry, bank accounts and others.

High staff turnover in Mexico and perceived lack of meritocracy remain major obstacles to ensuring the continuity of integrity measures in the public sector. The SFP could relaunch the reform of the Professional Career Service with the objective of strengthening merit in the selection and promotion of public servants and incorporating integrity through human resource management.

Strengthening the public sector's lines of defence against corruption

The reforms to update and strengthen risk management and internal control policies have been supported by efforts to build capacity and strengthen internal control and risk management processes. However, Mexico could enhance the risk management function by piloting dedicated risk management committees in large public organisations. Further incentives could be introduced to mainstream internal control and risk management into daily operations by linking progress made to budget allocation, expenditure limits and staff, and payroll ceilings. Mexico could also consider developing a concrete action plan to promote the use of data analytics tools for the identification, analysis, and monitoring of fraud and corruption risks.

Enforcing the integrity framework for deterrence and greater trust in government

Mexico introduced a case management system with the potential to improve the sharing of information and co-ordination among all entities and institutions that are part of the new disciplinary procedure laid out in the LGRA. However, the effective management of disciplinary cases is undermined by the high level of discretion in handling cases, the lack of clarity on the scope of action of each area/institution as well as on the uneven quality and content of the files sustaining a case. This situation, coupled with other weaknesses of Mexico's disciplinary system such as insufficient experience and professionalisation of internal control bodies' staff, the high rate of turnover, uncompetitive wages, lack of training, and understaffing, translates into a high level of impunity. In order to strengthen the effectiveness and credibility of the disciplinary system, the NACS could explore ways to improve information sharing and co-ordination among relevant entities as well as design mechanisms to process and publish performance information on the functioning of the disciplinary regime.

Chapter 1. Strengthening institutional arrangements for coherence and effective cooperation

The core purpose of the National Anticorruption System is to establish principles, instruments, public policies and procedures to ensure coordination among entities at all levels of government in the prevention, detection and sanction of corruption, as well as in the audit and control of public resources (Article 6 of the NACS Law). In this sense, the NACS Law and related reforms have set the basis for a more coordinated approach in the fight against corruption by bringing together key actors, giving a prominent role to civil society, including subnational entities and foreseeing a national anticorruption policy to be implemented in all entities in a coherent manner.

The Phase 1 report stressed that additional efforts were needed to ensure that integrity policies are mainstreamed across the whole-of-government, including by establishing additional working groups, better aligning the NACS strategy with other key national strategies, monitoring implementation progresses of the system at the local level and ensuring accountability mechanisms for those in charge of implementing the system. While steps have been taken in developing a National Anticorruption Policy in a coherent and inclusive way as well as in monitoring the implementation progress of Local Anticorruption Systems, key actors of the NACS – the Special Anticorruption Prosecutor and the Magistrates of the Federal Tribunal of Administrative Justice – are still to be appointed after more than 2 years after the entry into force of the NACS Law. In addition, many States are still lagging behind in the putting into motion their own systems.

1.1. The National Anticorruption Policy could inform the other national strategic plans and be complemented with an action plan defining objectives and responsibilities

Original recommendations:

- *Incorporating National Anti-corruption Action Plan initiatives into key national strategies (including but not limited to the National Development Plan, Open Government Strategy, National Digital Strategy, National Civic Culture Strategy, National Security Strategy, etc.) [NACS Co-coordination Committee and support bodies (Executive Secretariat and Executive Commission)];*
- *Establishing specific cross-government/sectoral Working Groups for the design of the National Action Plan as well as ongoing co-ordination for implementation of Action Plan initiatives [NACS Co-coordination Committee and support bodies (Executive Secretariat and Executive Commission)];*
- *Updating and scaling-up the strategy for public sector integrity [SFP Minister and Specialised Unit for Ethics and the Prevention of Conflict of Interest];*
- *Considering systematic review of organisations' risk maps and risk management plans to ensure alignment with National and Local Action Plans [NACS Co-coordination Committee and support bodies (Executive Secretariat and Executive Commission)].*

A key innovation brought by the NACS is that it lays out the foundation to adopt comprehensive public policies against corruption as well as policies on audit and control of public expenditure. In particular, the competence to design, promote and evaluate the national anticorruption policy is given to the NACS Co-ordination Committee, while the Executive Secretariat will follow up on its implementation in all entities. The proposal of the policy is to be elaborated by the Executive Commission of the Technical Secretariat, which consists of the Technical Secretary and the Citizen Participation Committee (CPC) (without the member who presides it). Similar roles and responsibilities are established for Local Anticorruption Systems, which will also have to adopt their local policies once they start working. A draft of the Anticorruption policy has been prepared and presented by a network of civil society organisations (*Red por la Rendición de Cuentas*) upon mandate of the Citizen Participation Committee in June 2018 (http://cpc.org.mx/wp-content/uploads/2018/06/PNA-17062018_Versi%C3%B3n-Final-1.pdf). The draft is structured around 4 pillars (professionalisation, accountability, contact points for corruption, corruption networks) and has then been opened to stakeholder consultation in August 2018 with the aim to later submit a formal proposal at the beginning of 2019 to the Co-ordination Committee, which is the body in charge of adopting the policy.

To ensure the mainstreaming of integrity throughout the public sector, the Phase I report highlighted that it is essential to link the National Anticorruption Policy and related action plan with key existing national strategies. Mexico reviewed the national strategies to fight corruption in the country ("*Revision de Estrategias nacionales para combatir la corrupción*"), providing a comparative overview of all national strategies with the aim to identify relevant objectives and actions for anticorruption purposes. It considered the National Development Plan, Open Government Strategy, the Programme on Close and Modern Government, National Digital Strategy, National Civic Culture Strategy, and National Security Programme. Mexico also highlights that, following the 2015 reform, the National Anticorruption System is

formally recognised in the Constitution, elevating the mandate to fight against corruption as a cross-cutting value enshrined at the constitutional level.

A key development concerning Mexico's strategic approach against corruption is the ongoing participative process and discussion on the development of the National Anticorruption Policy, which is following three steps. First, a Consultative Council (*Consejo Consultivo de la Política Nacional Anticorrupción*) has been established by the NACS' Citizen Committee and Executive Secretariat to collect inputs from and promote dialogue with experts from civil society organisations, academia, the business sector, public institutions (including at the subnational level) and international organisations including the OECD (<https://es.research.net/r/RGWMXWH>). Second, a parallel public consultation process has been opened to citizens with the aim to collect their opinions and perceptions related to the causes, effects and possible solutions to the problem of corruption in Mexico (*Consulta Ciudadana*, https://bit.ly/consulta_anticorrupcion). Third, the consultation process involves the subnational level and 8 Regional Fora will be organised throughout the country to include local needs and challenges in developing the national policy.

The Ministry of Public Administration (*Secretaría de la Función Pública*, SFP) provided useful inputs through various documents identifying priorities and issues to consider when developing the National Anticorruption policy such as training, appointment of the heads of internal control units and the National Digital Platform (*Hacia la Construcción de Políticas Anticorrupción, Bases Generales para capacitación en el marco del diseño de la Política Nacional Anticorrupción, Reporte para el diseño de una política pública de designación de titulares de OIC y UR, Análisis de modelo de la Plataforma Digital Nacional*). Another useful input elaborated by the SFP and to be considered in developing the National Anticorruption Policy is the document on the culture of integrity in the public sector ("*Cultura de Integridad en el Servicio Público*"), which stresses the role of values in the public service, the identification of at-risk areas and the need to develop planning activities within each public entity which includes objectives, outcomes, responsibilities as well as indicators and evaluation of results.

The National Policy comes in a key transition moment where all the strategies and programmes are phasing out and new ones are being designed and drafted. This represents an unprecedented window of opportunity to ensure smooth transition and continuity of policies – a key challenge across Latin America (OECD, 2018_[1]) – as well as to make the National Anticorruption Policy the strategic roadmap for Mexico's anticorruption efforts and the reference for the development of the strategic documents of the new administration. Therefore, the NACS bodies should continue favouring an open and inclusive consultative process with citizens, institutions, level of governments and sectors around the National Anticorruption Policy to consolidate and adopt a comprehensive and actionable policy that provides links and timely guidance for the upcoming discussion on the other national strategic plans. This is not only stressed in the Phase 1 report, but it is also identified as a priority for Latin America in an OECD regional report on integrity for good governance (OECD, 2018_[1]).

Although the draft National Policy touches upon key issues and challenges to create a public integrity system in Mexico, it could further emphasise key issues such as the financing of political parties and election campaigns, creating an open organisational culture in public entities, ensuring accountability through a robust internal control and risk management, and the role of stakeholders such as private sector, civil society and trade union in promoting a whole-of-society culture of public integrity. While the Phase 1 report and action plan provide an in-depth analysis and policy options for the national

policy to address most of these priorities, interviews during the fact-finding mission highlighted that Mexico could lay further emphasis and efforts to ensure the integrity of electoral process, which is a necessary condition to guarantee inclusive participation in democracy, prevent asymmetrical influence of private interests, and create a public integrity system. In particular, key priority elements to address in the Mexican system include, among others, illegal financing of parties, clientelist practices, recurrent changes of electoral rules, as well as the openness, transparency and democratic governance of representative organisations like political parties and trade unions.

On the other hand, it will be key to develop a coherent implementation programme that links the anticorruption actions to both the specific integrity risks of the entities and to the objectives in other strategic areas such as economic development, digital government, and gender. For this purpose, the NACS Co-ordination Committee could first carry out a systematic review of organisations' risk maps and risk management plans to ensure alignment with the National Policy and the Implementation Programme. Second, the NACS bodies leading the consultation process on the National Policy and the government teams discussing the strategic plans could establish close cooperation and mutually involve each other in preparing respective documents through regular meetings and events. As stressed in the Phase 1 report, reducing corruption is part of the Sustainable Development Goals (SDGs) under Goal 16 and as such it is essential that implementation measures are linked with future national strategies, such as the National Development Plan.

1.2. The current involvement of the private sector in the NACS could be formalised to ensure its continuous contribution to its bodies

Original recommendation:

Establishing specific Working Group(s) within the Citizen Participation Committee for private sector representatives and other sectoral issues [Citizen Participation Committee and support bodies (Executive Secretariat and Executive Commission)].

The prominent role and involvement of civil society in the NACS, as also evidenced by the role given to it in proposing the first draft of the National Anticorruption Policy, is a key element to ensure the effectiveness and legitimacy of the system as a whole. At the same time, as highlighted in the Phase 1 Report, corruption often occurs at the interface between public and private interactions, as well as between private sector actors themselves. As such, including the private sector into the discussions ensures that a core group of stakeholders in the fight against corruption is taken into account.

Although no formal working group has been established with the Citizen Participation Committee to include private sector representatives and other sectoral issues, interviews during fact-finding mission pointed out that, in practice, they are constantly involved in the activities of the Citizen Participation Committee and that a fruitful dialogue takes place with them. One example is the discussion on the National Anticorruption Policy, where the private sector has also been invited to take part. While this is a positive development that evidences a greater inclusion of the private sector within the NACS and the CPC in particular, such cooperation could be formalised to create a solid partnership, which considers the perspective of the private sector and discusses initiatives of its concern. At the same time, as stressed during the interviews, such cooperation should

refrain to become excessively formalistic, and rather allow the private sector to contribute substantially to the work of the CPC and the NACS.

1.3. The Citizen Participation Committee and the LACS should be secured regular funding to fulfil their respective mandate and functions within the NACS

Original recommendations:

- *Allocating sufficient financial and human resources and support to National and Local Co-ordination Committees and support bodies [National and State Legislatures, NACS Co-ordination Committee and support bodies (Executive Secretariat and Executive Commission)];*
- *Scaling-up resources to existing mechanisms for inter-institutional coordination between levels of government (such as the CPCE-F, ASOFIS, etc.) [National and State Legislatures, NACS Co-ordination Committee, Ministry of Public Administration (SFP), National Auditing System, Supreme Audit Institution (ASF), CONAGO and CONAMM (National Governors and Mayors Conferences)].*

The availability of sufficient financial resources is necessary for the NACS to function effectively and to fulfil the mandate and tasks assigned to its different bodies and institutions. As stressed in the Phase 1 report, although the activities of the system are divided across institutional mandates and cooperation between institutions will generate savings and efficiencies, the NACS implies additional costs. These costs arise due to: 1) new activities/institutions (such as the portal, the awareness raising in society, reporting hotlines, ethics commissions); 2) scaling up of existing activities (such as investigations and sanctions); and 3) strengthening co-ordination mechanisms (the National Auditing System, NAS; the Association of Supervisory Bodies and Government Control, ASOIF; the Permanent Commission of State-Federation Comptrollers, CPCE-F, etc.). Human resources are also required to ensure the success of integrity reforms and a range of human resources and skill-sets are necessary for the work of the Executive Secretariat to cover the variety of its tasks (from legal to investigative background, IT, public management, accounting, finance, sectoral knowledge, adequate support staff, etc.)

The budget allocated for 2018 to the NACS Executive Secretariat, in charge of developing the inputs and coordination among the NACS members, amounts to MXN 172 million (around EUR 7 742 677 Euros as of 7 September). Interviews during the fact-find mission revealed that the resources allocated are sufficient to carry out these functions and therefore should be maintained in the following years and adapted to any new task or activity that the Executive Secretariat may be asked to carry out. On top of that, the SFP provided additional resources to the CPCE-F to strengthen the culture of control and evaluation of public management (including issues related to ethics, transparency, conflict of interest prevention and fight against corruption) as well as to organise national and regional events about those topics.

At the subnational level, in turn, the situation varies widely among the Local Anticorruption Systems, whose Executive Secretariats for 2018 received different amounts of resources and in some cases did not receive any resources at all (Table 1.1). The NACS Executive Secretariat, which is following the development in the creation of LACS, should continue monitoring the budget allocation, as it is a key indicator to assess the States' commitment and will to set up effective anticorruption systems. In this sense,

the Executive Secretariat could give further visibility to the Budget Allocation Index (*Índice de asignación presupuestal*) which measures the allocated budget per capita in relation to the amount allocated at federal level (MXN 1,38). This could be a powerful indicator to raise awareness among citizens on the actual commitment to implement the system at state level. At the same time, the indicator provides states an estimate of the resources needed in other states.

Table 1.1. Budgets allocated to Executive Secretariats of Local Anticorruption Systems

Federal Entity	Allocated Budget		Per capita Budget		Budget Allocation Index
<i>Federal</i>	MXN	172 090 567.00	MXN	1.38	1.00
1. Aguascalientes		-		-	-
2. Baja California	MXN	5 000 000.00	MXN	1.38	1.00
3. Baja California Sur	MXN	2 500 000.00	MXN	3.00	2.18
4. Campeche		-		-	-
5. Coahuila	MXN	35 468 000.00	MXN	11.58	8.39
6. Colima	MXN	2 600 000.00	MXN	3.42	2.48
7. Chiapas		-		-	-
8. Chihuahua		-		-	-
9. Ciudad de México	MXN	39 000 000.00	MXN	4.44	3.22
10. Durango	MXN	12 998 710.00	MXN	7.16	5.19
11. Guanajuato	MXN	7 119 047.00	MXN	1.20	0.87
12. Guerrero		-		-	-
13. Hidalgo	MXN	10 000 000.00	MXN	3.36	2.43
14. Jalisco	MXN	40 000 000.00	MXN	4.88	3.54
15. Edo. De México		-		-	-
16. Michoacán	MXN	27 967 000.00	MXN	5.97	4.32
17. Morelos		-		-	-
18. Nayarit		-		-	-
19. Nuevo León	MXN	67 980 000.00	MXN	12.82	9.30
20. Oaxaca		-		-	-
21. Puebla		-		-	-
22. Querétaro	MXN	6 084 959.00	MXN	2.91	2.11
23. Quintana Roo	MXN	6 000 000.00	MXN	3.51	2.54
24. San Luis Potosí		-		-	-
25. Sinaloa		-		-	-
26. Sonora	MXN	10 700 000.00	MXN	3.51	2.54
27. Tabasco		-		-	-
28. Tamaulipas		-		-	-
29. Tlaxaca	MXN	10 000 000.00	MXN	7.52	5.45
30. Veracruz		-		-	-
31. Yucatán		-		-	-
32. Zacatecas	MXN	8 000 000.00	MXN	4.96	3.60
Total		MXN 463 508 283			

Note: *Allocated Budget* is the amount that the State Expenditure Law allocated to the Executive Secretariat of the Local Anti-Corruption System. *Per capita budget* is the relationship between the Allocated Budget and the number of inhabitants in the federal entity. The *Budget Allocation Index* is the per capita resources allocated for the item, in relation to the federal per capita budget allocated to the Executive Secretariat (Example: The per capita budget in Baja California Sur is 2.18 times the per capita budget that the federation allocated to the Executive Secretariat). Data as of 31/12/2017.

Source: NACS' Executive Secretariat.

The Citizen Participation Committee in the NACS has been encountering difficulties in carrying out all the tasks and functions entrusted by law. At least in part, this is due to the fact that – pursuant to the NACS Law – it is not formally granted legal personality and its members are remunerated by an honorary fee and do not receive any formal compensation to safeguard their objectivity in their contribution to the Executive Secretariat. While maintaining the independence of the CPC is essential for its legitimacy as representatives of civil society, the Citizen Participation Committee should be able to carry out the tasks entrusted by the law through its formal recognition as legal person and receiving regular funding to support its team and operational needs. To ensure impartiality from any specific institution, these resources could be allocated by the Parliament from the annual general budget. At the same time, to diversify the source of its budget, the CPC could also seek complementary funds from bilateral or multilateral co-operation agencies and discuss innovative options to cover the expenses or to contract out services based on a lump sum payment in order to ensure independence from political interference in the contract.

1.4. The monitoring of the LACS implementation status by the NACS Executive Secretariat could be upgraded and extended to the NACS itself

Original recommendation:

- Monitoring and evaluation of public sector organisations' and States' compliance with new legislation for National and Local Anti-corruption Systems (i.e. Observatory and/or publically disclosed index or indicators as per international good practice) [NACS Co-ordination Committee and support bodies (Executive Secretariat and Executive Commission)].

States are key actors of the NACS. Each State had to establish a Local Anticorruption Systems and adopt the necessary legal changes in line with the NACS Law within one year from its entry into force, which was 18 July 2016. However, as of September 2018, States have not reached a homogeneous level of implementation of the system. For example, only 21 out of 32 States adopted or modified the necessary legal instruments and 22 out of 32 States had already scheduled a session of the local Co-ordinating Committee.

Although this pace of implementation is worrisome, as also confirmed by interviews during the fact-finding mission, it is positive that the NACS is carrying out a continuous and detailed monitoring and evaluation of the implementation at the state level as recommended in the Phase 1 report. A website has been created for that purpose, where information is presented by State, comparing States, and in a short synthesis with a global view on the status of implementation. The NACS should continue this activity and leverage it to ensure the full implementation of the LACS in all States, in cooperation with other relevant initiatives such as the Working Group created within the National Confederation of Governors (CONAGO) to harmonise the implementation of the LACS.

At the same time, the monitoring and evaluation activity of the NACS could be upgraded and complemented, in the future, with a qualitative analysis of the LACS' implementation in order to monitor whether the bodies and mechanisms function effectively and do not get captured *de facto* by local powers. This risk emerged in the interviews during the fact finding mission, it is pointed out by members of the Citizen Participation Committee (Red por la Rendición de Cuentas, n.d.^[2]), and it is confirmed by one of the non-binding recommendations issued by the NACS's Coordination Committee during its first session,

which called states to strengthen the mechanisms to appoint judges and magistrates and to promote that these appointments are based on merit and professional criteria (https://www.gob.mx/cms/uploads/attachment/file/317301/Informe_Recomendaciones_2a_SO_del_CC_17.04.18.pdf).

Finally, the NACS should introduce a similar monitoring mechanism for its own implementation which is still lagging behind, such as in the nomination of some of its members – the Special Anticorruption Prosecutor and the Magistrates of the Federal Tribunal of Administrative Justice. The NACS could lead by example and provide a model for all States on how to implement their own systems.

1.5. The NACS Coordination Committee could create a Task Force to address technical challenges in designing the National Digital Platform

Original recommendations:

- Ensuring inter-operability of databases comprising National Digital Platform and strategy for leveraging the Platform for integrity risk analysis [NACS Co-ordination Committee and support bodies (Executive Secretariat and Executive Commission)];
- Ensuring particularly the integration of the CompraNet information into the National Digital Platform in order to avoid overlaps and to allow cross-checking of public procurement data with other relevant information [NACS Co-ordination Committee and SFP Specialised Unit for Ethics and the Prevention of Conflict of Interest and Unit for Acquisitions, Public Works and Services and Federal Assets].

The national digital platform (*Plataforma Digital Nacional*) introduced by the NACS Law is a pillar of the new system because it will allow to gather, consult and cross-examine key information to prevent, investigate and sanction corruption from all levels of government, namely:

1. Database of assets, conflict- of-interest, and tax declarations, as per the new General Law of Administrative Responsibilities.
2. Database of public officials involved in public procurement contracts.
3. Database of sanctioned public officials and individuals.
4. Information and communications system of the NACS and the national auditing system (NAS).
5. Database of public complaints related to corruption (both administrative and criminal).
6. Database of public procurement contracts.

The responsibility to issue the guidelines for the functioning of the Platform is on the Coordination Committee, while the platform, and therefore these six components, will be managed by the Executive Secretariat and be (mostly) public, according to the open data standards of the national transparency system. The future design of the Platform is currently being discussed within the Coordination Committee, where the SFP provided a useful input proposing a roadmap with the steps needed to put the Platform in place (*Análisis de Modelo de la Plataforma Digital Nacional*). This document points out that

the most severe challenges have technical character and concern the possibility to process and order a large quantity of information coming from different sources in a simultaneous way. The document also clarifies that the six databases that will make up the Platform are currently being built, and recalls that the SFP already manages electronic tools generating or keeping related data that will be integrated in the Platform such as: DeclaraNet, the registry of public officials participating in public procurement (RENIRESP), the registry of sanctioned public officials (RSPS), the comprehensive system of citizen complaints (*Sistema Integral de Denuncias Ciudadanas*, SIDECA), and the e-procurement system CompraNet.

The SFP has also carried an analysis of the key elements to ensure the integration of the existing information into the Platform (“*Elementos clave para la interoperabilidad de las bases de datos*”), and has been working to improve the CompraNet system by incorporating the information related to the planning and execution of contracts, creating a Working Group on Public Procurement presided by the SFP and whose Technical Secretariat is the OECD, and establishing an ad-hoc working group on the Platform within the SFP. On top of that, the SFP has been organising meetings and workshops among its relevant directorates in order to ensure the integration of the data from existing databases managed by SFP in the Platform, to facilitate and streamline the necessary connections ensuring the protection of the data.

The creation of the Platform and the interoperability of existing information systems present significant technical challenges, which were stressed during the fact-finding mission. In this sense, the documents and work carried out by the SFP contribute to identify the obstacles in its development. However, these efforts should be scaled up and supported by the whole NACS, which could set up a working group to gather all necessary expertise and address all potential challenges in the current key phase of the design of the system. In this sense, the conceptualisation of the Platform (*Análisis para la Implementación y Operación de la Plataforma Digital Nacional*) and the basic rules governing the functioning of the Platform (*Bases para el Funcionamiento de la Plataforma Digital Nacional*) adopted by the NACS Coordination Committee in October 2018 (*Análisis para la Implementación y Operación de la Plataforma Digital Nacional*) as well as the creation of an Advisory Group of the Platform in August 2018 are an important step forward. The Advisory Group consists of experts from civil society, academia and the private sector, who participate voluntarily, and whose objectives are to provide recommendations on the strategy of the Platform; promote the incorporation of best practices; and assess the progress and impact of the Platform’s work (<https://www.gob.mx/sesna/articulos/primera-sesion-del-grupo-asesor-de-la-plataforma-digital-nacional>). The Platform will not only be essential to carry out integrity risk analysis and improve the use of public procurement information, but it will be the source of all the information of the System. It is therefore key to invest in its design and avoid mistakes experienced in setting up other national platforms, which would impair the functioning of the System as well as its legitimacy and reputation.

1.6. The SFP could create integrity units with dedicated, permanent staff, exclusively responsible for preventive measures to strengthen integrity in the entities

Original recommendation:

- Transforming existing Ethics Committees (CEPCI) into permanently-staff bodies responsible for only preventative measures [SFP Specialised Unit for Ethics and the Prevention of Conflict of Interest, Ministers/Deputy Ministers/Heads of public sector organisations].

Implementing and mainstreaming integrity policies throughout the administration is a challenge many central integrity bodies find themselves confronted with. Although ultimately, integrity is the responsibility of every single individual, dedicated “integrity actors” can stimulate and shape ethical behaviour within an organisation (OECD, 2009^[3]). Such an integrity unit can break down general policies and regulations to specific circumstances and situations relevant to the entity and provide tailored guidance on ethics and conflict of interest to public servants in case of doubts. In addition, creating a specialised integrity unit responsible for the implementation and promotion of integrity policies can ensure harmonisation throughout the administration.

The Ethics, Public Integrity and Conflict-of-Interest Prevention Unit (*Unidad de Ética, Integridad Pública y Prevención de Conflictos de Intereses*, UEIPPCI) within the SFP has been training the executive secretaries of the Ethics and Conflict of Interest Prevention Committees (*Comités de Ética y de Prevención de Conflictos de Interés*, CEPCI), which are responsible for implementing integrity policies in the entities. The UEIPPCI has also developed a package of nine guidelines for promoting integrity and ethical behaviour and advising and supporting CEPICs in the development of the regulations of their operations. In addition, the UEIPPCI has conducted training courses for specific topics such as ‘Prevention of Conflicts of Interest’. Between September 2017 and July 2018, more than 5 000 public servants attended these.

Despite this progress, the weaknesses identified in the Phase 1 Report remain. First, the temporary selection of the CEPCI members undermines its effectiveness. Given that the members are elected among other colleagues, they often do not have any previous experience in the subject matter. This means that members undergo a learning curve to be able to fulfil their task. However, in many cases once members are trained to fulfil their mandate, their mandate is over or, due to the high staff turnover, members are replaced prior to the end of their mandate. The interviews during the fact-finding mission indicated that the inexperience of members on the subject matter affects the efficiency of the CEPCI. It has also been reported that it has been difficult to mobilise higher ranking public officials as candidates for the CEPCI. Furthermore, given that being a CEPCI member is an additional task, the CEPCI work will often be only second priority. There is also a high perception among staff that superiors consider the committee work as unnecessary and do not encourage their employees to participate and do not participate themselves. Second, it has been reported that while having an Action Plan, the CEPCI often do not have the resources required to implement these actions effectively. Third, the high volume of complaints received impede the CEPCI to fulfil other tasks such as the implementation and design of measures to promote a culture of integrity within the entity. Fourth, the CEPCI often do not have a budget to finance such measures. Fifth, there is a

potential conflict of interest given that the Official Mayor (to be replaced by administrative and financial units) heads the CEPCI and is responsible for the selection and management of human resources and administrative activities of the entity; processes where many of the integrity violations may take place.

These weaknesses are affecting the effective implementation of integrity policies throughout the federal public administration (“mainstreaming”). As such, the SFP could consider replacing the Committees with permanent integrity units with dedicated staff, full-time or part-time depending on the size and integrity risks of the entity, financial resources to implement the activities related to their mandate and report directly to the highest authority. As such, it will be necessary to modify the Agreement regulating the CEPCI to change the democratic voting process of the CEPCI members to a permanent integrity unit. This integrity unit, as part of the second line of defence, should be invited to the meetings of the Committee of Control and Institutional Performance (*Comité de Control y Desempeño Institucional*, COCODI). Furthermore, the organisational design needs to ensure that the integrity unit is not dependent on the Official Mayor, but reports to the highest authority to avoid potential conflict-of-interest situations. This would also send a strong signal to public servants of the importance of integrity by making it one of the priority areas within entities. The replacement of the Official Mayor with administrative and financial units according to the recent reform of the Organic Law of the Federal Public Administration provides an opportunity to change the reporting structure accordingly. It would also be recommendable to separate clearly the prevention function and the receipt of complaints and whistle-blower reports. The reception of reports may generate expectations of results that integrity points are not able to deliver, as they are lacking investigatory powers. As such, the integrity unit could guide and advise potential whistle-blowers regarding internal and external reporting options or available protection measures, but ideally does not receive reports themselves. Although this has already been considered in the current set-up of the CEPCI, the functions of the integrity unit as purely preventive would need to be clarified among staff. It seems the CEPCI currently receive a high number of complaints, not necessarily related to integrity and with the expectation to be investigated by the CEPCI. Some specific actions might include:

- Publish a pamphlet or booklet in which an ABC of the functions of the integrity unit is presented in a clear and understandable manner;
- Use internal communications to raise awareness of the functions of the integrity unit and how public servants can benefit, such as posters or e-mail messages;
- Publish the rules and regulations that guide the actions of the integrity units, including confidentiality agreements and evaluation results.

The creation of the integrity units should take existing resources and proportionality into account to limit the creation of additional bureaucratic layers. Depending on the size and integrity risks of the entity, the integrity unit could be as small as one person.

The SFP has facilitated the exchange of good practices of the CEPCI to ensure learning from each other. This exchange between the Committees could be further strengthened by institutionalising the Network of Public Entities for the Promotion of Ethics and Integrity. It would be recommendable to ensure the continuity of the steps taken by the SFP to formalise this network. An online platform where participants can exchange ideas and practices, raise doubts and questions to the network and upload information could be a cost-efficient way to support such a network in addition to regular in-person meetings.

Chapter 2. Cultivating a culture of integrity in the public sector and in society more broadly

2.1. Streamlining the values included under the Code of Ethics for greater clarity

Original recommendations:

- *Streamlining the values included under the new Ethics Code and ensuring links with sanctions are clear [SFP Specialised Unit for Ethics and the Prevention of Conflict of Interest];*
- *Separating the Ethics Code from the Integrity Rules with the latter forming the basis of a new Guide or Manual [SFP Specialised Unit for Ethics and the Prevention of Conflict of Interest].*

The Mexican Code of Ethics is applicable to all public officials and encompasses the five constitutional principles and eleven values. The strengths of the Code of Ethics is that it gives a short explanation for each principle and value. In order to create greater understanding and ownership of the Code among public servants, the SFP has conducted 123 awareness-raising measures for more than 7 000 public servants, such as workshops, conferences and trainings. The Ethics framework is further strengthened through the integrity rules and the entity-specific codes of conduct including principles, values and integrity rules, that are developed by the entities on the basis of the Code of Ethics.

However, the number of principles and values undermines the clarity of the Code and could lead to confusion. The principles and values are at times redundant, for example equality and non-discrimination and gender equality. As such, Mexico could consider reducing the numbers of values to make them more memorable, meaningful and less confusing. Cognitive science has shown that a number of 5-9 values are most suitable (Miller, 1956^[4]). By concentrating on selected values, more clarity is achieved. Within the OECD, several countries have decided to focus on key values instead of overburdening the code. For example, in Australia the Public Service Values were reduced from fifteen rules to five values to make them more memorable. Under the lead of the SFP, Mexico could involve public officials in choosing the most relevant principles for the public service to create ownership and a common identity among public officials. In Colombia, public officials were consulted in the selection of five values ensuring that the values were relevant for the public service (Box 2.1).

Box 2.1. The Colombian Integrity Code

In 2016, the Colombian Ministry of Public Administration initiated a process to define a General Integrity Code. Through a participatory exercise involving more than 25 000 public servants through different mechanisms, five core values were selected:

1. Honesty
2. Respect
3. Commitment
4. Diligence
5. Justice

In addition, each public entity has the possibility to integrate up to two additional values or principles to respond to organisational, regional and/or sectorial specificities.

Source: Administrative Department of the Public Service, Colombia.

2.2. Revising the Protocol for public procurement officials to include guidance on conflict-of-interest situations and ethical dilemmas

Original recommendation:

- Revising the Protocol for public procurement officials, particularly the elements concerning surveillance and the management of conflict of interest, in order to adopt a more values-based approach [SFP Specialised Unit for Ethics and the Prevention of Conflict of Interest and Unit for Acquisitions, Public Works and Services and Federal Assets].

In line with the overall revision of its integrity system, Mexico has passed a series of reforms to reinforce integrity in public procurement processes, among which is the Protocol of conduct for public servants in public procurement, specifically targeting conflict-of-interest situations. Specifically targeting public procurement officials is a commendable step towards addressing risks inherent to the procurement process. However, as discussed in the Phase 1 report, the protocol is very control and sanction oriented, neglecting to appeal to values and the intrinsic motivation of public servants. Behavioural sciences suggest that focussing on control and sanctions and creating an environment in which public servants feel mistrusted and are fearful of committing errors, the intrinsic motivation for honesty can be negatively impacted.

While Mexico has made some reforms to the Protocol to address the recommendations made in Phase 1, it nevertheless remains heavily focussed on control and sanction and still includes controls that can be either easily circumvented or might be counterproductive. For example, the mandatory disclosure of formal written communication and written minutes of meetings does not impede any oral communication and it is difficult to control whether all communication has been correctly included. It does not provide any guidance for public servants to identify conflict-of-interest situations and how to proactively manage conflicts of interest or ethical dilemmas

that may arise during the public procurement process. Similarly, controls such as the videotaping of meetings which are difficult to enforce and might negatively impact on public servants' intrinsic motivation could be eliminated (OECD, 2017^[5]).

2.3. Evaluating the line ministries' and public sector organisations' respective Codes of Conduct and revising Codes according to a participatory process to create ownership

Original recommendation:

- Adopting a consensus-based approach in the design of line ministries' and public sector organisations' respective Codes of Conduct and ensuring consideration for high-risk positions (such as public procurement officials) [SFP Specialised Unit for Ethics and the Prevention of Conflict of Interest and existing Ethics Committees/Integrity Contact Points].

The Code of Ethics and Integrity Rules are complemented by entity-specific codes of conduct. In line with the revision of the Code of Ethics, entities were mandated to revise the specific codes of conduct to ensure harmonisation of the overarching and specific codes. The codes of conduct are an opportunity to provide specific guidance to public servants and create ownership if developed in a consultative way. It is the task of the CEPCI in each entity to develop or revise the organisational codes. Given the composition of the CEPCI with representatives from different hierarchical levels, an inclusive elaboration process is facilitated. In addition, the UEIPPCI has developed a detailed guide for the CEPICs on the structure of the codes of conduct and is reviewing each code to ensure they are in line with the Code of Ethics. The UEIPPCI has revised 262 organisational codes to ensure that they are complementary to the Code of Ethics and as such ensured harmonisation throughout. The majority of organisational codes successfully breaks down the principles and values of the Code of Ethics and explains in an accessible manner what specific values mean in public servants' daily work.

However, as explained in the Phase 1 Report, the speed at which the organisational codes of conduct have been drafted puts into doubt whether the codes were elaborated in a truly participatory manner going beyond the CEPCI involving staff to promote discussion amongst employees and based on an assessment of the organisations' particular integrity risks. In addition, while the guide on codes of conduct by the UEIPPCI includes the elements to be included in the codes, it does not include any guidance on the process of elaborating the codes of conduct.

Therefore, Mexico could consider evaluating the codes of conduct to ensuring that public servants identify with the values of the codes and to strengthening their usefulness as a tool to reinforce ethical behaviour. This could build on the annual ethics perception survey conducted in each entity assessing which principles and values public servants consider most established in the organisation. In case revisions are necessary, as the degree of ownership is low, they could be made in a participatory way involving all public servants within the organisation to ensure that the code of conduct is relevant.

2.4. Training measures could be further strengthened by making them mandatory for new employees and senior management and including more practical examples

Original recommendations:

- *Scaling-up awareness raising and training programmes for public officials as well as the general public on new Integrity Rules, Codes of Conduct, and Conflict of Interest Guidelines [National Anti-corruption and Citizen Participation Committees and SFP Specialised Unit for Ethics and the Prevention of Conflict of Interest];*
- *Scaling up awareness raising for specialised at-risk positions (i.e. public procurement) on new Integrity Rules, Codes of Conduct, and Conflict of Interest Guidelines [National Anti-corruption and Citizen Participation Committees and SFP Specialised Unit for Ethics and the Prevention of Conflict of Interest];*
- *Scaling-up specialised training on new integrity policies to high-risk positions (such as public procurement officials, tax and customs agents, law enforcement, etc.) [SFP Specialised Unit for Ethics and the Prevention of Conflict of Interest and respective Ethics Committee/Integrity Contacts Points in line ministries and public sector organisations].*

The codes are a helpful tool to define the core values public officials should observe in their work. However, additional guidance and capacity building on what it means to adopt these values in their daily work is needed for public officials to help them internalising the values. For example, the Code of Ethics does not provide any practical guidance how to react when two principles might oppose each other. Furthermore, if the codes are not part of the wider organisational strategy, supported by a strong commitment from the top and accompanied by a targeted communication strategy, there is a risk that the codes do not go beyond words on paper.

A series of recommendations formulated in the Phase 1 report stressed that Mexico could strengthen its public ethics and conflict-of-interest framework with an effective awareness and capacity-building programme for public officials and the public and more specifically for at-risk positions.

The UEIPPCI has undertaken a far-reaching training and awareness-raising programme, in particular by training the CEPCI and enabling them to replicate the training within their organisations. Trainings have been conducted for at-risk position, such as public procurement officials and on specific topics, most notably conflict of interest prevention or good practices in public procurement. To ensure the success of these trainings, these efforts will need to be continued over the long term.

While commendable, interviews revealed that in particular the CEPCIs often have difficulties in reaching all public servants through their trainings. Most notably, senior management often perceive the trainings as an extra burden and do not participate in the trainings. Given the exemplary function that senior officials have in an organisation, this undermines efforts.

An induction training for public officials on public ethics could be made mandatory irrespective of the public official's contractual status. In addition, refresher courses could be offered. Likewise, the UEIPPCI could consider a measure that would allow public

officials to earn credits towards promotion in their administrative career for attending the voluntary courses. This could boost motivation to participate.

During the training sessions carried out by UEIPPCI, practical examples are given regarding possible conflicts of interest and ethical dilemmas. A moderator is guiding the participants to resolve the dilemma. By imagining the situation and arguing for and against different options on the platform, the officials will memorise the situation better and will find it easier to identify similar situations. It would be vital to include such a practical case study not only in the trainings conducted by the UEIPPCI, but also in the trainings given by the CEPICI.

The UEIPPCI could consider introducing a mandatory and more extensive training course for all senior officials on public ethics and integrity, which could focus in specific on senior officials' role in guiding employees and advising them in case of ethical dilemmas or conflict of interest. Throughout the duration of the course an online platform for exchange with the group could be made available. Participants could be encouraged to actively participate in the discussions, seek advice or consult others. Conducting some of the sessions in-person could maximise the training effect. While theoretical concepts can easily be taught online, acting ethical dilemma situations or conflict-of-interest situations and discussing with other participants for one side or another can deepen the learning effect. For example, if one group argues why a situation constitutes a conflict of interest, while another argues against it, participants will memorise the situation better, identify better with the arguments and think through them. Considering this, the UEIPPCI could conduct the practical exercise in-person similar to the exercises conducted during the trainings for the CEPICI. Depending on the size of the course, this could also be conducted in break-out groups, combining public officials from different areas to ensure various perspectives in the discussions.

The training could also include a component in which senior management identify individual risks and challenges to integrity and develop a personal plan to mitigate these risks. In a follow-up to the training, participants discuss whether they were able to follow the plan, discuss barriers and opportunities in implementing the actions identified in the individual action plan and provide each other support and share solutions.

In addition to training, regular dialogue in team meetings could serve this function. Furthermore, approaches inspired by behavioural insights to provoke ideas and discussion on integrity, such as e-mail reminders and competitive quizzes. For example, timely moral reminders during at-risk procedures can trigger ethical reflection and invoke stronger personal ethical engagement (OECD, 2018^[6]).

2.5. Including concrete steps how to declare a conflict-of-interest situation in the guidelines and distinguishing the ad-hoc conflict of interest declaration from the asset declarations

Original recommendation:

- *Updating Guidelines for Preventing and Managing Conflict of Interest and distinguishing conflict of interest policies from policies concerning submission of asset declarations [SFP Specialised Unit for Ethics and the Prevention of Conflict of Interest].*

Equipping public servants with the knowledge to identify and adequately manage conflict-of-interest situations is vital to safeguard integrity and strengthen trust in the public service. In order to facilitate the identification of conflict-of-interest situations, many countries develop guidelines setting out the cornerstones of managing conflicts of interest. In 2016, the UEIPPCI developed comprehensive Guidelines on preventing and managing conflicts of interests (*Guía para identificar y prevenir conductas que puedan constituir conflictos de interés de los servidores públicos*). These were updated in 2017 to include the new provision of the LGRA.

The new guidelines are a positive example of providing public servants a concrete tool to identify conflicts of interest. Not only do the guidelines clearly set out the legal provisions, they also differentiate between conflicts of interest and corruption by underlining that a conflict of interest is natural and will only be a violation of the law if not resolved. Furthermore, it provides guidance on how to identify a conflict of interest, states typical risk areas, advises the person in a conflict-of-interest situation, the supervisor and someone knowing of a public servant in a conflict-of-interest situation. Furthermore, it gives concrete case studies on how to identify and resolve a conflict-of-interest situation. The UEIPPCI has also undertaken efforts to ensure that the guidelines are disseminated throughout the public service. Coupled with the possibility for public servants to seek advice from the UEIPPCI on potential conflict-of-interest situations, public servants can count with a solid framework of guidance on conflict of interest.

However, during the interviews for this follow-up report, the following weaknesses could be detected:

- The process for declaring a conflict-of-interest situation is still not clear to all public servants. One reason for this could be that the section advising public servants how to declare such a situation, is very legalistic and does not state clearly the steps to be taken.
- Although the law clearly demarcates between declaring a conflict of interest and the asset declaration, there is a confusion among public servants over the difference between the *ad-hoc* declaration of conflict-of-interest situations and the asset declaration.

In order to strengthen the guidelines, the UEIPPCI could consider to include concrete practical steps on how to declare a conflict-of-interest situation and include a section differentiating between the *ad-hoc* declaration and the asset declaration. This should make clear that despite submitting an asset declaration, the conflict-of-interest situation is not resolved.

2.6. Continuing to communicate the policy on the acceptance and reporting of gifts

Original recommendation:

- *Updating and communicating the policy on the acceptance and reporting of gifts [SFP Specialised Unit for Ethics and the Prevention of Conflict of Interest].*

With the entry into force of the LGRA, public servants are prohibited to accept gifts in connection with their duties. In December 2017, the SFP developed a campaign: "Giving thanks is enough" (*Dar las gracias es suficiente*) which consisted in informing the CEPCI in the entities of the new regulation and sending them infographics on gifts and gifts, in

order to be disseminated within their respective offices and entities. Similarly, the SFP declared publicly on its social media feed that public servants were not allowed to accept any gifts and that giving thanks would be enough. The SFP could consider to repeat this campaign over the next years during the Christmas period, when gifts are usual. Messages from the heads of the entities underlining the prohibition to accept gifts would reinforce the message. Furthermore, senior public officials could support employees by advising them on how to react when they are offered a gift. In addition, the SFP could design an awareness-raising campaign using behavioural science and drawing on the insights gained from the behavioural intervention conducted in December 2016 to increase the amount of gifts registered (see section 2.14).

2.7. Developing guidelines that ensure the effective verification of asset declarations according to risk-based criteria and the automatic crosschecking of information against other databases

Original recommendation:

- Ensuring the effective verification and auditing of asset declarations according to predetermined risk-based criteria including the crosschecking of information against other databases (for instance, but not limited to, the registry of public procurement officials, tax databases, etc.) [General Directorate for Responsibilities].

An effective financial and interest disclosure system can play a significant role in promoting integrity, transparency and accountability. The new LGRA reforms the financial and interest disclosure system and requires all public officials to submit a tax, asset and interest declaration. The declarations will have to be made public and internal control bodies in individual line ministries will be responsible for the verification of the information.

In 2018, the SFP already strengthened the transparency aspect of the asset declaration system by publishing the database of the electronic submission system, Declaranet, in open data format. This public database is a great advancement, as it allows individuals and civil society organisations to download information for specific years, specific entities and individual declarants. Making the data available in open data format allows for data analysis and reuse, thereby giving the public greater possibilities for reviewing the asset declarations.

In September 2018, the Co-ordination Committee formally adopted the new financial and interest declaration forms which were developed by the Citizen Participation Committee in collaboration with the World Bank. There are three levels of disclosure requirements depending on the level of the public servant: operative rank, medium rank and high rank. The operational rank will fill out a reduced questionnaire of between five and seven minimum questions, while for the other two there is a broader questionnaire with greater requirements. This is in line with the recommendation made in the Phase 1 Report to differentiate reporting requirements according to the level of the public servants. However, in addition, the Co-ordination Committee might want to consider differentiating the reporting requirements according to positions at higher risk of corruption due to the nature of their activities, for example, public procurement, licensing, etc.

The new format provides extensive information on financial and other interests to detect illicit enrichment and potential conflict-of-interest situations. The content of the new declaration formats is broken down into five sections: personal Information, specific interests and associations, income (amount and source), assets and liabilities. The new format includes information that was previously not available such as the positions held in the last ten years, data on current position, specific question on business partners, links with entities and beneficiaries of a public programme. It will also include detailed information on the spouse and economic dependents of the declarant. This expansion of collected information will allow for an easier identification of potential conflict-of-interest situations. In addition, most sections seek information on the Personal Identity Code Number (*Clave Única de Registro de Población*, CURP) and the Tax Identification Number (*Registro Federal de Contribuyentes*, RFC). For example, for real estate, the declarations will include the public deed and registration, the folio real, date of contract, complete address, RFC and CURP of the person who acquired the property and the relationship with the seller of the property. This will allow for easier verification of the information. Lastly, the omission of information or failure to present the declarations with the new formats will have legal consequences for the declarant.

The new forms are in line with international good practices and are a vital element for reinforcing the asset declaration system. The new forms will come into force on 30 April 2019. As such, its effects cannot yet be assessed. However, it will be vital to ensure that the capacities of the internal bodies are in line with the increased demand for processing and verifying the declarations. As recommended in the Phase 1 Report, the Co-ordination Committee could establish a set of guidelines for all internal control bodies to ensure the effective and consistent verification of the asset declarations. Otherwise, there is the risk that verification policies diverge across institutions. The interviews for the follow-up report also revealed that currently the capacity and knowledge of the internal control bodies to verify the current system are relatively low and no common approach is consistently followed.

The proposals made in the Phase 1 Report for verification could be considered by the Co-ordination Committee to ensure an effective process. These include the automatic verification of receipt of all declarations, basic verifications on a random basis for the majority of declarations, simple verification on a risk-based basis and full audits based on risk-based criteria. Furthermore, the National Digital Platform should empower the SFP to conduct automatic cross-check with other databases such as the tax declaration, civil registry, land registry, bank accounts and others.

2.8. Strengthening a merit-based public service by mainstreaming integrity throughout the Human Resources Process

Original recommendation:

- Mainstreaming integrity considerations into HRM policies from recruitment, to training and performance evaluations, to severance [SFP Specialised Unit for Ethics and the Prevention of Conflict of Interest, and SFP Unit for Human Resources Management and the Professionalisation of the Public Administration].

A culture of integrity cannot be achieved without a skilled and motivated civil service, committed to the public interests and delivering value for money for citizens. The human

dimension, each single public official of the civil service, is at the heart of the public sector. Reinforcing the professionalism of public employees and the values that guide ethical behaviour are therefore critical dimensions for a highly performing civil service, with reduced risks of corruption. A merit-based civil service, in particular, is a fundamental element of any public sector integrity system. A growing body of research shows that merit-based civil service management reduces corruption risks (Dahlström, Lapuente and Teorell, 2012^[7]).

In Mexico, there is a high degree of perception of the politicisation of the civil service which can undermine the merit principle (Dahlström et al., 2015^[8]). To reinforce the merit principle, it is advisable that the law proposal made by the SFP on the Professionalisation of the Public Administration (*Ley General de Profesionalización de la Administración Pública*) is debated in congress. The law is a positive step in establishing the merit principle by setting clear and transparent criteria for entry, professional development, performance evaluation and severance. It also addresses some of the recommendations made in the Phase 1 Report. However, if adopted, it is vital that it will be effectively implemented throughout the public service and possibilities for circumvention minimised.

The SFP has developed a draft law on the Professionalisation of the Public Administration (*Proyecto de Ley de Profesionalización de la Administración Pública*) which would strengthen the civil service by reinforcing the merit principle through the standardisation of human resources processes. It would be vital that this proposal is relaunched by the new administration and tabled for discussion in order to ensure a professional civil service.

Addressing the recommendation made in the Phase 1 Report to mainstream integrity throughout Human Resources, the UEIPPCI in collaboration with the Unit for Human Resources Management and the Professionalisation of the Public Administration in the SFP, has developed a work programme reviewing the opportunities to mainstream integrity. As a concrete result, it was proposed to positively evaluate the participation in the CEPCI in the performance evaluation. It was also suggested to develop and include training material on integrity and public ethics in the induction course.

However, revising the work programme the UEIPPCI and the Unit for Human Resources Management and the Professionalisation of the Public Administration elaborated the recommendation of the Phase 1 Report can be reiterated to include integrity throughout all HRM practices (entry, professional development, performance evaluation and severance). A majority of proposals made by the UEIPPCI remain legalistic such as ensuring that asset declarations have been submitted and prospective public servant have not been sanctioned administratively or criminally. While this is an important step in the recruitment process, measures to mainstream integrity could go beyond this by using for example behavioural insights to only attract those individuals that are committed to ethical behaviour. In addition, the human resource process could be clearly linked to the code of ethics and conduct by underlining the values in the job description, distribute the code when public officials start the position and assess public officials performance according to the codes.

Examples of specific actions which could be considered to mainstream integrity for each HRM practice would be:

- **Entry:** This would include a clear statement in the job offer that integrity is key for the public service and this position, targeted integrity questions on candidates' experience through the application of an ethical test as part of the recruitment process for at-risk position and the assessment of potential conflict-of-interest situations arising from previous employment.
- **Professional Development:** Integrity and public ethics trainings could be made mandatory as suggested by the UEIPPCI.
- **Performance Evaluation:** Integrity could be included as a performance indicator for senior management. In practice this would mean that the performance evaluation is not only based on the achieved result, but also how the result was achieved. Those public servants exemplifying ethical conduct could receive a small incentive highlighting their behaviour. While the Administrative Manual of General Application in the area of Human Resources and Organization and the Manual of Professional Career Service states the ethical conduct is one of the elements to be taken into account, no concrete tool how to effectively include ethical behaviour in the performance evaluation has been developed.
- **Severance:** In particular, for senior public officials, exit interviews should include a risk assessment for any conflict-of-interest situation that might arise from future employment. In cases, where the future employment is known, risk mitigation strategies could be suggested.

2.9. Proposing a legislative reform to ensure the effective protection for whistleblowers

Original recommendations:

- Reforming legislation to ensure protection for whistleblowers by explicitly prohibiting dismissal and other reprisals, specifying when protection will be granted, and shifting the burden of proof on employer to justify dismissal [National Co-ordination committee, SFP Specialised Unit for Ethics and the Prevention of Conflict of Interest and General Directorate for Responsibilities];

- Reforming administrative, criminal and civil codes to ensure punishment and sanctions are imposed on those who exert retaliation against whistleblowers and remedies for whistleblowers that faced retaliation [National Co-ordination Committee]. .

Establishing a clear and comprehensive whistleblower protection framework is a safeguard for an open organisation ensuring that integrity violations are reported. Whistleblowers may be vulnerable to intimidation, harassment, dismissal and violence by public officials, colleagues or superiors. Due to this, the majority of OECD countries have introduced whistle-blower protection laws that facilitate the reporting of misconduct and protect whistle-blowers from reprisals, not only in the private sector, but especially in the public sector.

As described in the Phase 1 Report, Mexico's whistleblower framework applies to the whole public sector, clearly defines the scope of what constitutes an appropriate

disclosure and protects the whistleblowers identity through anonymity. However, the General Law on Administrative Responsibilities (*Ley General de Responsabilidades Administrativas*, LGRA) does not clearly set out the protective measures available beyond the protection of identity of the whistleblower. The UEIPPCI developed specific Guidelines for the Granting of Protective Measures to Integrity Managers in the Ethics and Conflict of Interest Prevention Committees (*Guía para el Otorgamiento de Medidas de Protección a Gestores de Integridad en los Comités de Ética y de Prevención de Conflictos de Intereses*). The strengths of these guidelines are that they detail the process for granting protective measures, describe the criteria for granting protective measures available under different circumstances and foresees an evaluation process for the measures granted. In addition, the annex includes forms that can be used to process the protections granted. In this way, the CEPCIs have a clear framework according to which to act and as the guidelines are public, public servants have clear expectations of the protections available.

While these guidelines mitigate the lack of protective measures in the LGRA to some extent, it would still be advisable to include a non-exhaustive list of available protective measures in the LGRA to reassure potential whistleblowers of the protections available. Furthermore, the LGRA does not specifically prohibit the dismissal without a cause and other work-related reprisals, such as demotion, suspension or harassment. Furthermore, shifting the burden of proof to the employer to provide evidence that sanctions exercised against a whistleblower were not related to the disclosure would strengthen the protection mechanism.

Within its sphere of competence, the SFP proposed an amendment to article 64 of the LGRA, which provides that whistleblower public servants or witnesses may not be dismissed or temporarily suspended from their jobs, positions or commissions. It would be recommendable, that the Co-ordination Committee would support this proposed amendment and bring to a debate in Congress. In this way, the whistleblower framework would be strengthened. Similarly, and as recommended in the Phase 1 report, Mexico could impose stronger administrative and criminal sanctions on civil servants who threaten to exercise or exercise reprisals on whistleblowers by reforming the administrative, criminal and civil codes accordingly.

2.10. Formalising a reporting channel for reporting misconduct to the supervisors could be supported by measures to create an open organisational culture

Original recommendation:

- *Diversifying and formalising reporting channels for whistleblowers to report alleged misconduct or corruption and communicating these options and procedures clearly [National Co-ordination Committee].*

According to international good practices, internal and external reporting channels for disclosures should operate concurrently, so that whistleblowers have a choice between channels. In particular, if employees have reason to not trust the internal disclosure process and fear reprisals, they should have direct access to external reporting mechanisms. By providing a variety of disclosure channels, whistleblowers might feel more enabled to report and do so more willingly.

As detailed in the Phase 1 report, Mexico's whistleblower reporting channels are aligned with international good practices as there are several avenues, such as the comprehensive system of citizen complaints (*Sistema Integral de Denuncias Ciudadanas*, SIDECA), the UEIPPCI and the CEPCI, internal control bodies and supreme audit institutions. As explained previously, it is recommended that the integrity units, which should replace the CEPCI, do not receive any reports for further processing, but could support public servants by giving them guidance how to proceed (see 1.6).

In addition, it could be considered to formalise a channel for the disclosure of misconduct to the supervisor. This would need to be institutionalised by clearly setting out the process for managers on how to proceed when they receive a whistleblower report.

2.11. To assure the investigation and protection of whistleblower rights, capacity-building efforts for internal control bodies could be reinforced

Original recommendation:

- *Building capacities in management and internal control bodies on protecting the rights of whistleblowers, including rights to anonymity and confidentiality [Unit for Control and Evaluation of Public Management and Unit for Government Audit].*

With the introduction of the LGRA, the process for launching investigations on disclosures of misconduct by internal control bodies or the supreme audit institution is clearly defined. In particular, article 10 provides that investigators must submit a case selected for prosecution by the internal control body to a supervisory authority to review the decision. This helps avoid arbitrary selection of cases and ensures consistency. Furthermore, article 102-110 of the LGRA gives the whistleblower the right to appeal decisions made by internal control bodies regarding the investigation, qualification and prosecution of administrative offences and participate in the proceedings. In this way accountability is reinforced.

The General Department for Reports and Investigations (*Dirección General de Denuncias e Investigaciones*, DGDI) of the SFP has undertaken concerted efforts to familiarise the internal control bodies with the new responsibilities. It elaborated the Guidelines for the Granting of Protective Measures to Integrity Managers in the Ethics and Conflict of Interest Prevention Committees and conducted several training programmes, such as a training on *Investigation of complaints of non-compliance and administrative misconduct*. In 2017, the DGDI trained 202 public servants and the number increased further in 2018 to 276 public servants which shows the continuous effort of the DGDI to build capacities.

However, interviews confirmed that the low degree of trust in internal control bodies still persists and in many instances public servants do not feel confident to disclose misconduct to internal control bodies due to the fear of consequences for their careers. As such the assessment of the Phase 1 report remains valid that further efforts are needed to reinforce accountability and create a culture of integrity in internal control bodies to change perceptions (for a more detailed assessment, please see Chapter 3).

2.12. Raising awareness amongst public officials and in the general public on the rights of whistleblowers and support efforts through general measures aiming to create an open organisational culture

Original recommendation:

- Raising awareness amongst public officials and in the general public on the rights of whistleblowers as well as their duties to report suspected misconduct or corruption [SFP Specialised Unit for Ethics and the Prevention of Conflict of Interest and SFP Unit for Human Resources Management and the Professionalisation of the Public Administration].

Public servants are often reluctant to come forward to disclose misconduct out of fear of reprisal and low trust that their reports will be followed up. Organisations have to take specific measure such as communication, awareness-raising and training which encourage the disclosure of wrongdoing in order to ensure the effectiveness of the whistleblower protection framework.

The SFP has undertaken commendable efforts to raise awareness of the channels available, the duty to report and the protection available, such as:

- Public campaign: *Combatting corruption, version anonymous reporting, phase 2*. This included short awareness-raising spots on national radio and TV, web banner to be featured on 18 different news websites, public transport in Mexico City, and social media campaigns on Twitter and Facebook, which had an audience of more than 300 000 users in total. Subsequently, these efforts were evaluated.
- Promotion of the mobile application: *Report Corruption* through press release and in social media reaching around 65 000 users
- Internal campaign: *Sensitization and awareness-raising to report corruption* through messages, publications and on social media.
- Training on the new mandate of the SFP in the SNA, which includes training on the responsibility to report corruption and the available channels.

In regards to the positive efforts made by the SFP, it must be underlined that creating a culture in which public servants feel confident to declare misconduct is a long-term commitment. It is advisable to continue and update the awareness-raising campaigns throughout the next administration to yield results.

Mexico could reinforce the efforts to raise awareness and encourage whistleblowing through specific measures that promote an open organisational culture. In organisations where management creates a safe and encouraging environment in which open communication and the commitment to organisational values is championed, employees voice their concerns and feel comfortable to discuss ethical dilemmas (Berry, 2004^[9]). Creating an open organisational culture has three main benefits: First, trust in the organisation is strengthened. Second, it can cultivate pride of ownership and motivation which increases efficiency (Martins and Terblanche, 2003^[10]). Third, problems can be addressed before they become potentially damaging risks. It is only in an open organisational culture that employees will trust the whistleblower protection frameworks to report integrity violations.

By engaging public officials in the mission and values of the organisation, they will be more likely to actively shape the organisation and share the organisation's professional identity. This likely increases the willingness to speak up about violations and defend this identity. This is further supported by credible standards in which public officials trust. Senior officials acting as a role model according to the organisation's standard ensure that those are credible and lived in the organisation. To strengthen courage of employees to seek advice, managers could be guided to acknowledge errors and turning negatives into lessons learnt for future projects. In this way, employees will not be afraid to approach management with concerns and reports of misconduct out of fear of punishment. Lastly, an open organisational culture is underpinned by empowerment and encouraging public officials to raise any ideas or concerns and to listen to them without punishing their courage and initiative. The UEIPPCI in collaboration with the integrity units and HR could pilot measures supporting an open organisational culture such as guiding senior officials to provide advice, frequent well-being measures and feedback from public servants on how to improve the work environment.

2.13. Broader data collection could strengthen the evaluation of the effectiveness of the whistleblower regime

Original recommendation:

- *Evaluating the effectiveness of the whistleblower regime and publishing results in a timely manner [National Co-ordination Committee].*

To ensure that the LGRA and related provisions are effective in encouraging whistleblowing and that protective measures are implemented, the Phase 1 Report recommended to evaluate the provision and collected detailed data. The SFP has made efforts to collect data, such as the number of reports, institution and resolution of report through the SIDECA.

Given the short timeframe since the introduction of the new LGRA, systematic evaluation efforts could not have been conducted so far. However, with the information collected, the Co-ordination Committee could consider an evaluation in the near future. To ensure an effective evaluation, it would be vital to have the following indicators which could be collected by the General Co-ordination Body for Oversight and Control Organs (*Coordinación General de Órganos de Vigilancia y Control*):

- Number and types of disclosures received (already collected)
- Entities receiving most disclosures (already collected)
- Outcomes of disclosures (not collected yet)
- Whether the misconduct came to an end as the result of the disclosure (not collected yet)
- Whether the organisation's policies were changed as a result of the disclosure if gaps were identified (not collected yet)
- Whether sanctions were exercised against wrongdoers (already collected)
- Scope and frequency of awareness-raising activities (already collected)

- Time it takes to process a case (not collected yet)
- Number of protective measures granted (not collected yet).

2.14. Building on results of a previous behavioural insights intervention, further measures could be tested

Original recommendation:

- Designing and piloting policies targeting public officials, citizens and firms based on insights from behavioural sciences to promote integrity [NACS Co-ordination and Citizen Participation Committees, SFP Specialised Unit for Ethics and the Prevention of Conflict of Interest and respective Ethics Committee/Integrity Contacts Points in line ministries and public sector organisations, with support of relevant line ministries depending on intervention].

The Phase 1 Report recommended designing and implementing mechanisms based on behavioural sciences to strengthen integrity. Following this recommendation, the SFP, in collaboration with the Centre for Investigation and Economic Teaching (*Centro de Investigación y Docencia Económicas*, CIDE) has designed a behavioural intervention that can be highlighted as a good practice in applying behavioural science to integrity. The SFP tested which kind of messaging motivates employees to comply with the gift registration rules. Five different types of reminder messages were sent. The study then observed the number of gifts registered around Christmas (peak season for gifts) in comparison to previous years and to a control group, who did not receive any reminder message. Having received a reminder email increased the number of gifts registered, however, some messages were more effective than others.

Although, gifts were subsequently prohibited, the insights gained from the experiment could be used to design a follow-up experiment reminding public officials not to accept any gifts. Furthermore, the SFP could consider to conduct a similar experiment for another policy area, such as reinforcing the Code of Ethics and codes of conduct to test what kind of tools to change the choice architecture and encourage ethical decision-making is effective (see section 2.4).

2.15. Developing a strategic approach to raise awareness among society and the private sector

Original recommendation:

- Instituting awareness raising and education campaigns for citizens and firms on integrity values and their benefits to society [NACS Co-ordination and Citizen Participation Committees, SFP Specialised Unit for Ethics and the Prevention of Conflict of Interest and SEP Secretariat of Education].

Citizens, civil society organisations and the private sector are active members of society and their actions can affect integrity in their community. As such, efforts to strengthen a culture of integrity should reach beyond the public sector and include society and the private sector in order to effectively counter corruption. To this end, the Phase 1 Report

recommended that Mexico develops dedicated and targeted awareness-raising campaigns which challenge negative perceptions and persisting social norms undermining a culture of integrity and also communicate and demonstrate the expected social norms.

The Ministry of Education (*Secretaría de Educación Pública*, SEP) has indicated that it plans to develop materials aimed at the different actors of the school community (students, teachers and families) which reinforce education for integrity and the fight against corruption. However, given that no concrete output has been developed at the time of this report, no concrete assessment could be made.

The SFP has also reached out to the private sector by developing a guide for implementing integrity programmes in firms. In relation to this, the SFP has sought close interaction with private sector representatives to raise awareness of the rights and duties of the private sector regarding integrity and disseminated the guide among companies.

While these actions are a step in the right direction, further efforts could be undertaken. Under the lead of the National Co-ordination Committee a strategic approach to raise awareness among society and the private sector could be developed, that go beyond stand-alone efforts. In particular, the Executive Commission could develop a communications strategy that identifies a series of awareness raising campaigns and the appropriate timeline for each. For each of the campaigns, the strategy should identify the expected outcomes (e.g. attitudes or behaviours to change, skills to develop), the target audiences, the key messages and the communication channels (e.g. television, web, social media, print media) as well as the evaluation mechanisms (e.g. opinion surveys, web analytics, participation in events, number of complaints submitted, etc.).

2.16. Implementing the proposal to modify the PNCE to incorporate integrity lessons and training teachers to execute integrity lessons as part of the PNCE programme

Original recommendations:

- *Incorporating integrity lessons into national curriculum for primary and secondary students, such as through the scaling-up of the current PNCE Programme [SEP Secretariat of Education];*
- *Training teachers and parents to better execute integrity lessons as part of the PNCE programme [SEP Secretariat of Education].*

Young people are vital for shaping attitudes and behaviours towards integrity for the whole-of-society. Evidence has found that civic education programmes can increase the likelihood of young people rejecting corruption in government, as well as diminish their likelihood of accepting or participating in law-breaking activities (Ainley, Schulz and Friedman, 2011^[11]; Fraillon, Schulz and Ainley, 2009^[12]). Therefore, incorporating integrity education into school curriculum is a key tool, as it equips young people with the knowledge and skills needed to face the challenges of society, including corruption.

The Phase 1 Report recommended modifying the National School Coexistence Programme (*Programa Nacional de Convivencia Escolar*, PNCE) to include integrity education. The PNCE promotes social coexistence through the cultivation of rights and values strengthening a civic culture based on the respect for diversity. The programme reaches more than 50 000 schools, trains teachers and develops specific materials for the

teachers to use. The materials include posters, short videos, activity books and teaching companions for students and parents.

In response to the recommendation of the Phase 1 report, the SEP has proposed to carry out the following specific actions:

- Adaptation or modification of 12 sessions of "IV Rules: coexistence agreements" of the printed materials for the preschool and primary levels of the PNCE to include lessons on integrity and ethics
- Pedagogical and conceptual reorientation of the activities and exercises of these 12 selected sections to include lessons on integrity and ethics
- Pedagogical and conceptual reorientation of "Theme 2: The rules of coexistence: dialogue and resolve" and relevant workshops to integrity and ethics
- Pedagogical and conceptual reorientation of "Theme 2: Establishing rules and limits in the family of the Work Manual" and workshops for parents and guardians.
- The PNCE team will request the necessary advice from specialists in integrity education and the fight against corruption.

While this proposal is promising, its impact and design could not be assessed for this progress report as the specific modifications have not been developed. It is, therefore, recommended that the National Co-ordination Committee supports the SEP in the proposal to modify the PNCE through specific advice. Furthermore, the SEP could continue expanding the PNCE programme to more schools across Mexico and ensure sufficient funding.

2.17. Introducing incentives for the private sector to implement the Business Integrity Programme and continue the training courses for the social witness participating in public procurement processes

Original recommendations:

- *Implementing cooperation agreements with private sector stakeholders as well as the statements of integrity in order to decrease corruption risks in the framework of public procurement [Unit for Acquisitions, Public Works and Services and Federal Assets];*
- *Developing opportunities for direct involvement of relevant external stakeholders, including civil society, in public procurement processes and strengthening the efficiency of its social witnesses programme [General Directorate for Regional Operations and Social Control].*

The private sector is a key partner in the public integrity system and can be a driver for change and advance corporate integrity reforms and reshaping the global integrity landscape (UNODC, 2013^[13]). Through a President executive order of 2015, the SFP has advanced collaboration with the private sector and increased efforts to support integrity practices in companies ranging from incentive regimes to mandating business integrity programmes.

The SFP reported that several specific collaboration agreements were made since the publication of the Phase 1 report. In addition, SFP led the establishment of a Plural Working Group on Public Procurement, including the participation of the Business Coordinating Council, the Mexican Chamber of Construction Industry and several representatives from the private sector and civil society organisations to improve the CompraNet System.

Recognising the positive role that the private sector plays, articles 21 of the LGRA stipulate that collaboration agreements can be made to implement business integrity programmes. Article 25 of the LGRA also outlines the key elements of such a business integrity programme: a clear and comprehensive manual of organisation and procedures, a code of conduct, adequate and effective control, monitoring and auditing systems, adequate reporting systems, and processes for training and capacity building regarding integrity measures, human resources policies aimed at avoiding the incorporation of people who may pose a risk to the integrity of the corporation and mechanisms that ensure transparency at all times.

With the purpose of promoting the design of integrity policies in the private sector, the SFP, in collaboration with representatives from the private sector, developed a detailed guide for companies to implement the Business Integrity Programme (*Modelo de Programa de Integridad Empresarial*). The guide is a good example of translating the legal provisions into concrete and practical guidance for the private sector by providing concrete examples what each element of the Business Integrity Programme entails and including good practices from the private sector.

These efforts could be further strengthened by introducing incentives for the private sector to adopt a business integrity programme and establishing an effective verification process. Based on a set of pre-defined criteria, a verification process would review the extent to which business integrity programmes meet the required standards. Such processes can either look at the suitability of the programme – that is, the extent to which it is designed to meet the desired outcomes, or the operating effectiveness of the programme over a specific period (Transparency International, 2012^[14]). Benefits of a verification process include strengthening the programme by identifying areas for improvement, meeting future pre-qualification requirements, and enhancing the reputation of the company as one which is committed to high integrity standards (Transparency International, 2012^[14]). It would be advisable that the Mexican government does not conduct any verification. However, the SFP could set guidelines on the components of an effective verification. Good international practice shows that policy guidance can direct companies to obtain independent third-party assurance. For example, in the UK Adequate Procedures Guidance, the Ministry of Justice suggests that organisations consider obtaining external verification or assurance of their anti-bribery system (UK Ministry of Justice, 2010^[15]). Similarly, under the Government of Canada's Integrity Regime, in order to be reconsidered eligible for bidding following debarment, companies are required to provide certification by an independent, third party that integrity measures are implemented in their company (Government of Canada, 2017^[16]).

Concerning the interaction between the public and private sector, the Phase 1 Report also recommended developing opportunities for direct involvement of relevant external stakeholders, including civil society, in public procurement processes and strengthening the efficiency of its social witnesses programme. Given the potential risk of social witnesses being bribed or having a conflict of interest, the Phase 1 report recommended to implement specific courses for social witnesses to identify integrity risks. Similarly, it

recommended to design risk mitigation strategies throughout the process and set clear criteria for social witnesses. The SFP reported the following actions undertaken to strengthen in particular the social witnesses programme:

- The guidelines applicable to the appointment of social witnesses in contracting procedures carried out by agencies and entities required to apply the Law on Public Sector Procurement, Leasing and Services, the Law on Public Works and Related Services and the Law on Public-Private Associations were developed.
- Specific criteria were elaborated to carry out the evaluation regarding the update of the social witness programme in public contracting procedures.
- In 2017, a survey was carried out to detect interests and the need for update or training for social witnesses.

Based on the survey, the Public Contracting Regulations Unit (*Unidad de Normatividad de Contrataciones Públicas*) in the SFP prepared an Annual Training Programme based on the needs expressed by the social witnesses. As a result a first training was held in October 2018 on market research and the criteria for evaluating proposal in accordance with the Law on Public Sector Acquisitions, Leases and Services as well as the Law on Public Works and Services. A second training was held in November 2018 on CompraNet and a workshop on the role of social witnesses in public contracting procedures. As such positive steps were undertaken to fulfil the recommendations made in the Phase 1 Report, however, it is crucial to not lose momentum and continue these efforts.

Chapter 3. Strengthening the public sector's lines of defence against corruption

3.1. The establishment of risk management committees could improve the significance of risk management frameworks and practices

Original recommendation:

Piloting risk management committees to improve the relevance and quality of organisations' risk maps and plans [SFP's Unit for Control and Evaluation of Public Management and Unit for Government Audit].

The OECD Recommendation (OECD, 2017^[17]) emphasises the role of a solid internal control and risk management framework to safeguard integrity in public organisations. In particular, it stresses the importance of ensuring a strategic approach to risk management that includes assessing risks to public integrity, addressing control weaknesses (including building warning signals into critical processes) as well as building an efficient monitoring and quality assurance mechanism for the risk management system.

The Phase 1 Report acknowledged how the SFP's methodological and implementation Manual of Internal Control System (*Acuerdo por el que se emiten las Disposiciones y el Manual Administrativo de Aplicación General en materia de Control Interno*, MAAG-CI) provides the risk management methodology and related activities with the aim to identify, assess and mitigate corruption risks. At the same time, it stressed the key role of the Committee of Control and Institutional Performance (*Comité de Control y Desempeño Institucional*, COCODI) in effective corruption risk management as it is responsible for the entity's risk management, including to formulate recommendations to strengthen it.

To highlight the importance of this function, the Phase 1 Report recommended to pilot dedicated risk management committees, other than COCODI, in large public organisations. Alternatively, the Report suggested that a committee with focus only on fraud and corruption control could be established, while COCODI would focus on business risk management and governance issues. Since Mexico has not reported any progress on this recommendation, it could carry out the pilot exercise in the next future. As stressed in the Phase 1 Report, Mexico could consider the practice of establishing risk management committees that in other OECD countries fulfil the following functions:

- ensuring that the agency maintains effective risk management practices across all its activities;
- overseeing the development of a systematic and co-ordinated risk-management framework; and
- monitoring the external risk environment; assessing the impact of any changes on the agency's risk profile.

3.2. The SFP could pilot an independent ministerial audit and risk committee to enhance the independency and efficiency of the internal audit function

Original recommendation:

Piloting shared audit services and/or independent audit committees as a means of strengthening the independence of the internal audit function in the public sector [SFP's Unit for Control and Evaluation of Public Management and Unit for Government Audit].

The Phase 1 report highlighted the relevance of an independent internal audit function that provides assurance over the effectiveness and efficiency of internal control and risk management arrangements within public organisations. In this context, a key finding of the report is that the Internal Control Bodies (*Órganos internos de control*, OICs) - which are responsible for the internal audit role in entities – have limited capacity to effectively carry out their role objectively since their budget is determined and heavily influenced by the ministry or organisation in which they operate.

For this reason, it was recommended that the SFP considered piloting shared audit services and/or independent audit committees as a means of strengthening the independence of the internal audit function. Although Mexico reported that the SFP published guidelines for the elaboration of the OICs' annual work plans that are the result of consultation and exchanges among relevant SFP's entities (*Lineamientos generales para la formulación de los programas anuales de trabajo de los órganos internos de control y de las unidades de responsabilidades en las empresas productivas del Estado 2018*), the document does not address the issue of piloting shared services nor independent audit committees.

Considering the original recommendation, Mexico could therefore take steps to test one pilot independent ministerial audit committee consisting of a majority of external members and responsible for a cluster of 2-3 ministries/agencies. This pilot exercise could be coordinated by the SFP with the support of a working group composed of OICs' members with extensive audit experience. In doing that, Mexico could also consider the guidance provided by the Institute of Internal Auditors (Institute of Internal Auditors, 2014^[18]) and how Canada establishes audit committees/boards in public organisations Box 3.1.

Box 3.1. The Canadian Departmental Audit Committee

The Canadian Departmental Audit Committee (DAC) is a strategic resource for the deputy head. It provides objective advice and recommendations to the deputy head regarding the sufficiency, quality and results of assurance on the adequacy and functioning of the department's risk management, control and governance frameworks and processes (including accountability and auditing systems). Deputy heads can use this information to enhance accountability, transparency and the overall performance of their departments. Within the Canadian federal public administration, the independent Departmental Audit Committees with external members have become essential advisors on Risk and Internal Controls design and assessment.

- Audit committees must include a majority of external members recruited from outside the federal public administration, i.e. non-government employees, contractors, ministerial appointees
- Appointed for a term not exceeding four years, which may be renewed for a second term
- Have, at a minimum, three members with a quorum of a simple majority
- Since 2007, over 350 members appointed to 42 Departmental Audit Committees (DACs).

Source: (OECD, 2017^[19]).

At the same time, as stressed in the Report, it is crucial that Mexico also addresses other elements to ensure an effective, independent and efficient internal audit function. On the one hand, this could be achieved in particular through the appointment of independent members of the audit teams, the remuneration regime, as well as by clarifying institutional and hierarchical relationships. On the other hand, interviews during the fact-finding mission revealed that there is a tension arising from the role of the OICs comprising both the internal audit function and the investigation of disciplinary breaches. Indeed, although the SFP Internal Regulation (*Reglamento Interior de la SFP*) clearly distinguishes the objectives and activities of the two functions, from the outside the OIC is mainly perceived and known (and feared) for its investigative function, which undermines the internal audit function of providing assurance and contributing to improving the management of the organisation. The focus on disciplinary investigations also entails that the staff of the OICs is mainly composed of lawyers, while an internal audit function requires multidisciplinary staff.

3.3. The SFP could promote a strategy to ensure continuous capacity-building efforts and professionalisation

Original recommendations:

- *Scaling-up capacity building efforts for line managers, Chief Administrative Officers (Oficialías Mayores) and COCODI members in risk management, with a particular focus on integrity risks [National Auditing System's Working Group on Internal Control and Audit; SFP's Unit for Control and Evaluation of Public Management and Unit for Government Audit];*
- *Scaling-up more specialised risk management training for particular high-risk functions including in public procurement, audit, financial management, etc. [National Auditing System's Working Group on Internal Control and Audit; SFP's Unit for Control and Evaluation of Public Management and Unit for Government Audit and Unit for Acquisitions, Public Works and Services and Federal Assets];*
- *Scaling-up awareness building and capacity-building efforts targeting line managers to promote stronger application of internal controls and increase knowledge about the value of such controls for their organisations' own strategic and business objectives [SFP's Unit for Control and Evaluation of Public Management and Unit for Government Audit];*
- *Professionalising internal audit function with standardised certification and training programmes [SFP's Unit for Control and Evaluation of Public Management and Unit for Government Audit and SFP Unit for Human Resources Management and the Professionalisation of the Public Administration].*

As stressed in the Phase 1 report, Mexico could strengthen its new policy reforms and institutional arrangements with an effective awareness and capacity-building programme on risk management and internal control targeting specific roles (e.g. Chief Administrative Officers, COCODI members in risk management, line managers) or those working in at-risk functions (e.g. public procurement, audit, financial management). With regards to the internal audit function in particular, the Phase 1 report recommended to increase the professionalism of its staff and its independence through standardised certification and training programmes.

Mexico reported that a number of relevant initiatives in this context have been carried out:

- Training of 1 536 public officials in OICs and different levels/functions in subjects related to the identification and awareness of corruption risks;
- Workshops, through the Mexican Academy of Performance Audit, on performance audit to heads of OICs, internal audit areas and staff of government audit;
- Organised 21 in person courses to 1 606 public officials on CompraNet in the area of public procurement in 2017 (and 12 courses to 951 officials from 1 January to 31 July 2018);
- Training programme on public procurement practices to improve public management (*Importancia de la promoción de las buenas prácticas en contrataciones públicas para la mejora de la gestión pública*);

- 30 training courses to 4 199 public officials in several areas of public procurement;
- Training of 233 public officials of the Airport Group of Mexico City (GACM);
- Methodology to carry out the evaluation of the Government Management (*Metodología para llevar a cabo la evaluación de la Gestión Gubernamental*) using as basis four elements improving efficacy and efficiency of management: internal control, ethics and public integrity, administrative development, audit of government tasks;
- Experts meetings to define the competency/professional capacity “Public Auditing” as well as elaboration of a methodological guide to identify, define, describe and develop the evaluation of competency and professional capacity.

While these activities provide evidence of sustained efforts to create capacity and strengthen internal control and risk management processes, the SFP could ensure that they do not remain isolated activities but form part of a broader strategy. Such a strategy, which could be jointly designed within the relevant bodies of the NACS and the NAS in close collaboration with the OICs - could provide for continuous training throughout the career within the public administration (e.g. as part of induction or orientation programmes, and as part of code of conduct and ethical decision-making training), as well as for systemised ad-hoc specific activities training for high-risk functions and for different staff groups, such as those responsible for audit, financial functions or investigations. Such a strategic approach is particularly relevant given the high rotation of staff in the public administration, which is also affecting the staff of the OICs. Ensuring an internal audit staff over the long term, avoiding high staff turnover, that can build knowledge and capacities could thus be considered as a propriety. In addition, since there is still substantial room to professionalise the internal audit practitioners, Mexico could consider introducing a national certification policy for internal control and audit professionals to be linked with training and capacity building activities. In this sense, the Phase 1 report illustrates key elements of the Canadian internal auditor recruitment and development programme (IARD) and the training for internal auditors in the public sector (TIAPS) programme, which represent two approaches to improving the capacity and skills of internal auditors in public organisations.

3.4. The SFP could develop an action plan to promote the use of data analytics tools for effective risk management

Original recommendation:

Piloting data analytics techniques to better identify and manage risks to public sector integrity [National Auditing System's Working Group on Internal Control and Audit; SFP's Unit for Control and Evaluation of Public Management and Unit for Government Audit].

Data analytics, which is an analytical process by which insights are extracted from operational, financial, and other forms of electronic data internal or external to the organisation, can be a particularly useful tool in the Mexican federal public administration because risk management frequently operates as a standalone exercise.

The Phase 1 report acknowledged that Mexico has positioned itself as a regional leader in the use of open data and technologies as key tools in the fight against corruption. This is evidenced by the reported activity related to this recommendation, that is, the final report on project findings about the conceptualisation and design of a conflict of interest prevention system (*Informe final de hallazgos de proyectos sobre conceptualización y diseño de un Sistema de prevención de conflictos de interés*). This report, part of the Datalab federal initiative and discussing options for the development of an information system to prevent, detect and eventually investigate conflict of interest, contains an exercise demonstrating the potential of data analysis by crosschecking data on professional profiles and networks of public officials with data on public procurement.

The exercise reported by Mexico confirms the potential of using data to detect risks to public integrity such as conflict of interest and evidences progress in attaining the recommendation. However, it does not evidence the use of data analysis tools more broadly in the internal control system, especially in relation to the risk management function, thereby missing the potential application of data analytics to identifying, analysing and monitoring fraud and corruption risks relevant for government funds (Box 3.2).

Box 3.2. Fraud controls as an integral part of automation systems: The ARACHNE tool for data mining

Information technology-based measures that automate internal controls are especially effective at improving fraud detection. Rules-based filters help identify potentially fraudulent transactions and behaviour, data analysis supports the detection of anomalies and abnormal patterns, predictive models identify potential fraud risks, and social network analysis helps to detect cases by systematically assessing links between people and transactions. For example, a number of United Nations organisations have basic forms of automated controls integrated into their enterprise resource planning (ERP) systems (UN, Joint Inspection Unit, 2016).

The European Commission started developing ARACHNE in 2009 as an ICT-based fraud alert tool, and it became operational in 2013. ARACHNE aims to provide the EU member state authorities involved in managing EU funds with an operational tool to identify: 1) the projects with the highest fraud risk profile; and 2) potential fraud risks linked to all projects.

ARACHNE has been designed to hold key data about projects financed with EU funds, such as companies and project-related information, so that connections between different economic actors participating in such projects can be identified and further analysed.

- The web-based tool is linked to and uses data from other external public databases.
- Users of the tool are provided with indicators of potential fraud risks in relation to specific economic entities participating in such projects.

Key benefits of using ARACHNE:

- promotes the use of a risk-based approach to the reconciliation of projects' financial reporting (focus on high-risk projects)
- complements risk assessments with regard to fraud alerts and irregularities identifies (through continuous monitoring) potential irregular activities on the basis of predefined risk criteria

- reinforces overall defence arrangements against potential fraud and errors.

ARACHNE data sources include:

- ORBIS has information on :
 - companies : +/- 100 million companies worldwide: financial data of the company (turnover, shareholders, etc.), related people (directors, contact people, etc.), indicators such as credibility and bankruptcy
 - people : +/- 100 million people: first name, last name, age, number of affinities, number of companies
- World Compliance collects, aggregates and centralises:
 - lists of politically exposed persons
 - sanctions lists (EU terrorism list, Interpol most wanted, CBI list, etc.)
 - enforcement lists (narcotic and human traffickers, money launderers, fraudsters and other criminals, etc.)
 - adverse media lists (enterprises or people that have been linked to illicit activities by media sources).

ARACHNE's examples of potential fraud risk indicators and red flags include:

- financial: overall financial performance of beneficiaries, contractors/suppliers and sub-contractors, based on financial reporting data
- relationship: existence of relationships between beneficiaries and contractors/suppliers or sub-contractors and their respective personnel
- reputation: involvement in activities (such as bankruptcies) that could possibly result in reputational damages
- sanctions: identification of beneficiaries, contractors/suppliers, subcontractors or their respective personnel, blacklisted by appearing in any type of sanctions list
- change: any type of changes to the company structure
- procurement: lead time between publication of the tender notice and contract signature
- contract management: contract addenda cost (total) for the project / project cost
- eligibility: project costs outside eligibility period – before start date / after end date
- performance: number of people trained / number of people to be trained
- concentration: beneficiaries involved in multiple projects
- other checks: EC financial assistance / total project cost.

Source: (OECD, 2017_[20]).

As stressed in the Phase 1 report, the SFP could therefore consider developing a concrete action plan to promote the use of data analytics tools for effective risk management. Since

the interoperability of existing information systems – together with the training of risk management practitioners - are considered key priorities for integrating data analytics within risk assessment and mitigating policies, this action plan could be discussed in the context of the Task Force addressing the design of the National Digital Platform.

3.5. The review and monitoring of risk maps and plans could be scaled-up and the corresponding information gathered in an on-line observatory

Original recommendation:

Evaluating organisations' risk maps and plans, and sharing good practices across the public sector to incentivise greater ownership and quality risk plans [SFP's Unit for Control and Evaluation of Public Management and Unit for Government Audit].

One of the key shortcomings of Mexico's internal control system is the lack of implementation of the manual, the Risk Management Working Programme (*Programa de Trabajo de Administración de Riesgos*, PTAR), as well as the risk map and matrix tools, which in themselves demonstrate progress and advanced risk management strategies. In light of this finding, the Phase 1 report recommended the SFP to consider creating an online observatory of organisations' PTAR exercises, along with the corresponding risk matrices and maps, to allow entities to share good practice, learn from the most advanced organisations, and motivate officials to improve their respective risk management activities and tools.

The progress reported by Mexico includes the random review of risk maps and PTAR of 15 entities as well as 6 on-sites visits to identify methodological aspects, which could represent good practices to be scaled-up in the rest of the public sector. Although this activity represents a step forward in the right direction, it remains unclear how this exercise has contributed in supporting implementation and how the corresponding information was shared and communicated among public sector entities. As recommended in the Phase 1 Report, Mexico could therefore expand and institutionalise the reported activity and including the corresponding information in an online observatory. This would allow the SFP to closely monitor, assess, and even review if needed, the quality and impact of the existing tools to ensure that this exercise adds value and contributes to the improvement of service delivery to citizens and the achievement of the entity's mission and objectives.

3.6. The SFP could strengthen the credibility and accuracy of self-assessments on risk management and internal control

Original recommendation:

Revising the self-assessment methodology for organisations to evaluate their risk management and internal control systems and instituting "second tier" evaluations of these assessments [SFP's Unit for Control and Evaluation of Public Management and Unit for Government Audit].

The Phase 1 report identified serious challenges regarding the credibility and validity of the self-evaluation reports conducted by the Mexican public entities, as recognised by

ASF Studies No 1 172 and No 1 212 (*Modelo de Evaluación de Control Interno en la Administración Pública Estatal*). It concluded that the application of the methodology, as well as the documentation of the answers provided, vary across entities and need to be further mainstreamed and rigorously monitored.

On this recommendation, Mexico reported that it shared the Methodology for Evaluation of Government Management with 12 administrative units of the public administration for their analysis and comments. Although this exercise may provide useful insights and inputs, the SFP could consider adopting practical steps to strengthen the credibility and accuracy of the self-assessment exercise through the measures suggested in the Phase 1 report. These measures include: stricter documentation requirements on the rating given by organisations, secondary sampling controls from the competent unit of the SFP, exchange of information and cross checking with assessments undertaken by the ASF, and creating a registry of certified practitioners in internal control self-assessment techniques. On top of that, Mexico could take steps to instituting “second tier” evaluations of the self-assessments by having the National Auditing System Working Group on Internal Control (*Grupo de Trabajo sobre Control Interno*, GTCI) publish the results of self-assessment exercises and build on existing procedures (i.e. ASF and SFP reviews) to reach a commonly accepted and effective model for evaluating the federal organisation’s self-assessment results.

3.7. The SFP could define with relevant entities and ministries how to link internal control and risk management policies with budget and human resources issues

Original recommendation:

Mainstreaming internal control policies into organisations through stronger linkages to budget allocation and human resources policies (such as for recruitment and performance evaluations) [SFP’s Unit for Control and Evaluation of Public Management and Unit for Government Audit].

Two weaknesses of the internal control system in Mexico identified by the Phase 1 report are that, on the one hand, the ownership of public servants concerning their role in internal control and risk management processes could be strengthened, and, on the other had, a need to close the gap between nominal and actual implementation. As a consequence, the Phase 1 report suggested to set incentives to mainstreaming internal control and risk management into daily operations by linking progress made in these issues to budget allocation, expenditure limits and staff and payroll ceilings.

Mexico did not report any progress on this recommendation on grounds that the internal control regulation does not have any link with budget or human resources issues. Therefore, SFP could further consider to establish these links by coordinating those in charge of internal control and risk management policies with relevant entities in SFP (especially its Human Resources Policy Unit of the Federal Public Administration, or *Unidad de Política de Recursos Humanos de la Administración Pública Federal*) or other ministries. Furthermore, it could explore other options to set incentives for organisations to progress on improving ownership of internal control and risk management processes.

Chapter 4. Enforcing the integrity framework for deterrence and greater trust in government

The General Law on Administrative Responsibilities (LGRA) came into force in July 2017 providing for two different sanctioning procedures, depending on the severity of the alleged offence: serious and less serious. For less serious offences, internal control bodies in individual line ministries or public sector organisations, as well as senior management, are responsible for investigating offences, processing disciplinary procedures, and imposing the relevant sanctions. For serious offences, however, under the new regime, Administrative Justice Tribunals are responsible for issuing sanctions. Once the Federal Tribunal of Administrative Justice (*Tribunal Federal de Justicia Administrativa*, or TFJA) has confirmed the classification as a serious administrative fault, it will admit and substantiate the disciplinary procedure from the probationary stage onwards, and have the authority to request additional evidence that it deems convenient for issuing the final sanctioning decision (Articles 90, 111 and 130 of the General Law on Administrative Responsibilities - *Ley General de Responsabilidades Administrativas*, or LGRA). Mexico's Supreme Audit Institution, and at local levels, state and municipal audit institutions, may now also investigate alleged offences, and direct them to tribunals if deemed serious. A second new defining feature of the LGRA is that it applies not only to public officials, but also to any firm or private individual contracting with the public sector (Article 1).

4.1. NACS Co-ordination Committee's Working Group addressing the challenges in the application of the LGRA could clarify and improve responsibilities, procedures and coordination among entities participating in disciplinary proceedings.

Original recommendations:

- *Clarifying co-ordination procedures for case tracking, particularly for serious offences, between the SFP, Responsibilities Units in line ministries, Administrative Tribunals and the Specialised Anti-corruption Prosecutor to avoid duplication and fragmentation [NACS Co-ordination Committee];*
- *Establishing inter-institutional agreements and/or other mechanisms to guarantee effective information-sharing between government agencies for the purposes of carrying out administrative disciplinary investigations [National Co-ordination Unit and SFP General Directorate for Responsibilities];*
- *Clarifying the role of internal affairs units in disciplinary investigations and ensuring responsibilities units have a leadership role in investigations [NACS Co-ordination Committee and SFP].*

The new regime for administrative responsibility has brought several changes in institutions' competence, introducing new actors and criteria to carry out disciplinary proceedings. As highlighted in the Phase 1 Report, in order to avoid risks of potential gaps and inconsistencies (i.e. that cases are not taken forward under any regime, and/or that actions taken in one regime are not reflected or recognised by another), it is critical that Mexico lay efforts in clarifying and communicating regulation, and that effective co-ordination mechanisms are established among all relevant actors and institutions. On top of that, the Integrity Review stressed the need for investigative bodies to have direct access to relevant data and to clarify the role of the internal affairs unit of the SFP (*Dirección General de Integración e Información*), which holds the legal right to make requests to financial or tax institutions.

In February 2018, the SFP designed a new case management system (Comprehensive System of Administrative Responsibility, *Sistema Integral de Responsabilidades Administrativas*, or SIRA) allowing to control and follow-up information on administrative procedures against public servants, and now also individuals, and the list of sanctions imposed for administrative misconduct or acts of corruption. It will replace the Administrative Procedures Responsibilities System (*Sistema de Procedimientos Administrativos de Responsabilidades*, SPAR) and the Registry of Sanctioned Public Servants (*Sistema de Registro de Servidores Públicos Sancionados*, RSPS). Furthermore, it will be interconnected with the Comprehensive System of Citizens' Complaints and Report (*Sistema Integral de Quejas y Denuncias Ciudadanas*) and will have communication with the National Population Registry and the Single Registry of Public Servants (*Registro Nacional de Población* and *Registro Único de Servidores Públicos*). The information will also be part of the National Digital Platform, in order to be integrated into a specific portal, which may be consulted by the bodies established by law.

At the same time, during its second session in July 2017, the NACS Coordination Committee decided to develop a mechanism to follow relevant corruption cases taking into account the OECD foreign bribery case matrix, which is a collection of foreign bribery cases prepared by the OECD Secretariat based on public sources and used by the OECD Working Group on Bribery to track case progress of investigations. In September 2018, the Coordination Committee also endorsed a protocol to deter, detect, investigate, prosecute and punish transnational bribery (*Acuerdo mediante el cual el Comité Coordinador del Sistema Nacional Anticorrupción aprueba la difusión y publica el Protocolo para disuadir, detectar, investigar, procesar y sancionar el soborno transnacional*). This protocol aims to provide technical and legal tools to deter, detect, investigate and punish foreign bribery offences, and to establish coordination mechanisms between federal authorities to cooperate in investigations conducted by other members of the OECD Anti-Bribery Convention. Furthermore, it will serve as a guide for law enforcement officials in detecting patterns and taking appropriate action to tackle transnational bribery.

While the SIRA has the potential to improve the sharing of information and coordination among relevant actors among all entities and institutions part of the new disciplinary procedure, coordination remains a key challenge contributing to loss of many cases throughout the various steps of the process and to high levels of impunity. According to a study carried out by civil society in Mexico, the SFP only sanctions 13.4% of the complaints or reports received, while the Federal Administrative Tribunal annuls an average of 41.8% of those sanctions, narrowing the rate of sanctioned conducts to around 8%. (Luis Darío Ángeles González, 2018^[21]) The high level of impunity determined by

poor coordination and mechanisms to track cases is also confirmed by the fact that, according to information request through access to information, the Attorney General Office (*Procuraduría General de la República*, PGR) reports having 486 pending reports presented by Mexico's Supreme Audit Institution (*Auditoría Superior de la Federación*, or ASF), 12 of whom have been sent to a judge (2.4 %) but none of whom has led to punishment. At the same time, the data provided by the PGR contradicts those of the ASF, which reports 930 cases presented to the PGR for their possible criminal relevance. (Animal Politico, 2018^[22]).

Interviews during the fact-finding mission confirmed that coordination is a key deficiency in disciplinary procedures and that a number of elements favour the lack of an effective case-management mechanism. These include the high level of discretion in handling cases, the lack of clarity on the scope of action of each area/institution as well as on the quality and content of the files sustaining a case, whose formats are not homologated. Furthermore, the Special Anticorruption Prosecutor has not been yet appointed, making it particularly difficult to establish coordination and effective prosecution of cases having both disciplinary and criminal relevance.

Although it is positive the development of SIRA and that it has been included in the procedural manual of the SFP's General Directorate for Responsibility, additional efforts should aim at creating the legal and operational conditions for the sharing of information and coordination among entities involved in the new disciplinary procedure. As pointed out in the Review, clarifying the legal and procedural frameworks – especially for serious administrative offences – should be a key priority for the NACS Co-ordination Committee, where all relevant actors are represented (SFP, Administrative Tribunal, Specialised Anti-corruption Prosecutor, ASF). In particular, the analysis of issues related to information sharing and coordination could be one of the focus areas of the NACS Co-ordination Committee's Working Group created during the third session of the Co-ordination Committee in October 2017 under the leadership of the Federal Judicial Council and the Administrative Tribunal to address the challenges in the application of the LGRA, which entered into force in July 2017. In discussing proposals to overcome challenges and risks of gaps and inconsistencies in its application, the Working Group could stress the role of clarifying and communicating legislation and procedures, as well as proposing reforms ensuring immediate notification among SFP's OICs, the Specialised Anti-corruption Prosecutor's Office, ASF, Administrative Tribunal and state controllers when an administrative/criminal investigation is initiated as well as when a sanction is imposed. It could also clarify the role of the internal affairs unit in investigations – which remains not addressed in any law or regulation – and consider instilling automatic administrative offences following a criminal conviction as done in countries such as Germany.

4.2. The Administrative Justice Tribunal could scale up its communication and training efforts on its integrity policy with the support of the SFP

Original recommendation

Clarifying the asset and interest disclosure requirements for Magistrates and other Tribunal staff, and ensuring greater transparency of the Tribunal's Code of Conduct, conflict of interest management policies and the functioning of the Judicial Council [National Co-ordination committee, SFP Specialised Unit for Ethics and the Prevention of Conflict of Interest and General Directorate for Responsibilities].

The new LGRA does not only apply to the public officials working in the executive power, but also to those working in the judiciary. This also implies that magistrates and staff working in administrative tribunals are subject to the disclosing requirements of their assets and interests following the regime provided for by Articles 26 and ff. of the LGRA. Although this is a positive development to build a culture of integrity in a key institution of the new administrative responsibility system and thereby contributing in the legitimacy, fairness and objectivity of the process as a whole, the report called the conflict-of-interest resolution policy to be clearly communicated, effectively enforced, and backed by the necessary training efforts.

Information on progress on the asset and interest disclosure policy in the administrative justice tribunal includes the approval of the new asset and conflict of interest declaration forms that will also apply to those working in the judiciary by the NACS Coordination Committee in September 2018 (cf. section 2.6), and an agreement signed between the SFP and the Judicial Power to exchange information, knowledge and criteria on anticorruption matters in view of complying with the obligations provided for by the NACS. Furthermore, the SFP has provided opinions regarding the existence of conflict of interests of magistrates and staff of tribunals. Thirdly, the website of the administrative justice tribunal includes a section on sanctioned officials that one can search by name, post, department, year, and imposed sanction.

While these are important initiatives, there is little evidence on the communication and training efforts on the administrative tribunal's integrity policy. As a consequence, the Administrative Justice Tribunal could seek the support of the SFP in the context of the NACS Coordination Committee and discuss a specific joint initiative. On the other hand, Tribunals could also work towards greater transparency of its ethical framework and policies in order ensure trust in the new regime, and maintain the legitimacy of sanctioning decisions.

4.3. The NACS could design a comprehensive system to measure and evaluate the performance of the disciplinary system

Original recommendation:

Monitoring and evaluating the performance of the disciplinary administrative regime to ensure effective application of new legislation and to ensure the integrity of the new regime [National Co-ordination committee, SFP Specialised Unit for Ethics and the Prevention of Conflict of Interest and General Directorate for Responsibilities].

The disciplinary administrative regime of Mexico does not currently undergo a formal monitoring and evaluation process assessing the effectiveness and timeliness of the system by identifying and assessing gaps, inconsistencies, bottlenecks or recurrent problems. This would be key to address the structural weakness of the disciplinary system in Mexico, where SFP sanctions only 13.4% of reports received, where recovered economic sanctions are estimated to amount to 0.5% of the total imposed, (Luis Darío Ángeles González, 2018^[21]) and where the PGR is currently assessing 486 pending reports presented by ASF without evidence of any of those cases being actually sanctioned. (Animal Politico, 2018^[22]).

One step forward reported by Mexico includes the review of the performance evaluation mechanism of the OICs following the entry into force of the NACS. This mechanism now includes an indicator on administrative responsibility (*Indicador Atención de Responsabilidades Administrativas*), whose objective is assessing the performance of those within the OIC working on ascertaining responsibilities (*áreas de responsabilidades*) in taking care of administrative responsibilities proceedings as well as the number of sanctions becoming final. In particular, the following elements form part of that indicator:

- Time to carry out disciplinary proceedings;
- Resolution of cases;
- Sanctions becoming final.

Although it is early to assess the new performance management framework, which is currently being tested, it is positive that it will be linked with the information provided in the new case-tracking system SIRA and that it addresses weakness of the previous performance system identified by the SFP following a comprehensive review exercise. These include the indicators' low strategic significance, the absence of reflection on the results and the involvement of OIC or SFP in follow up, the lack of links with anticorruption purposes and the non-strategic use of evaluation by the SFP (SFP, 2017^[23]).

However, the new performance management framework only looks at the part of the disciplinary system under the competence of the OIC and does not consider the whole disciplinary system provided for in the LGRA, which consists of many other institutions and typologies of proceedings. A comprehensive system to measure and evaluate the performance of the disciplinary system could be therefore discussed within the NACS Co-ordination Committee, where all relevant institutions are represented and where synergies with the future National Digital Platform may be leveraged. Among the elements of disciplinary proceedings to monitor and evaluate, the NACS Co-ordination Committee could consider those identified in the document prepared by the SFP with a guide and formats to standardise the preparation of disciplinary cases (*Guía y Formatos para Homologar la Integración de Expedientes del Proceso de Investigación, Substanciación y Resolución de Responsabilidades Administrativas*) but also take advantage of the ones already collected through the new case management system (SIRA). This work could then set the basis for similar exercises at state level, where the monitoring and evaluation of disciplinary systems is also lagging behind.

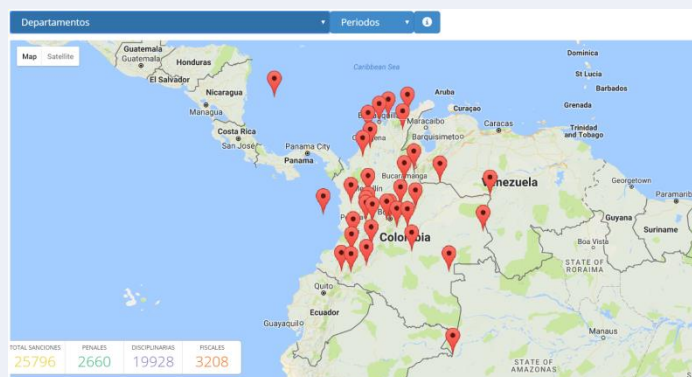
The definition of a comprehensive system to measure and evaluate the performance of the disciplinary system would promote accountability of the integrity framework and demonstrate commitment to integrity values in so far as it would allow to better communicate to the public the enforcement of the public integrity framework. In this sense, the NACS Co-ordination Committee – building on the experience and proposals of

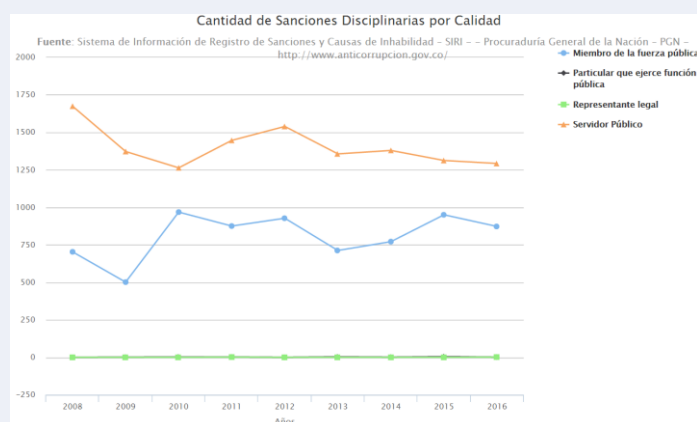
the OICs – could also design mechanisms to process and publish timely, comprehensive and accurate performance information on the functioning of the administrative disciplinary regime, since currently the information on the disciplinary system can be downloaded from the SFP-managed Register of Sanctioned Officials (*Registro de Servidores Públicos Sancionados*) and the Transparency Portal in Excel format, but does not allow to visualise and group the data in an user-friendly manner. Furthermore, one can doubt the reliability of the data since, for example, the data on sanctioned officials in the Federal Tribunal for Administrative Justice (*Tribunal Federal de Justicia Administrativa*) differs between the SFP portal and the specific database included in the Tribunal’s website. In this context, Mexico could consider the example of Colombia’s Transparency and Anti-corruption Observatory (*Observatorio de Transparencia y Anticorrupción*), a body within the Transparency Secretariat (*Secretaría de Transparencia*) elaborating corruption-related sanctions indicators (*Indicadores de Sanciones*), as well as the example of Brazil’s Comptroller General of the Union (*Controladoria-Geral da União*, CGU), which collects and publishes data on disciplinary sanctions in pdf and excel format. (Box 4.1)

Box 4.1. Collecting, publishing and elaborating data on disciplinary sanctions in Colombia and Brazil

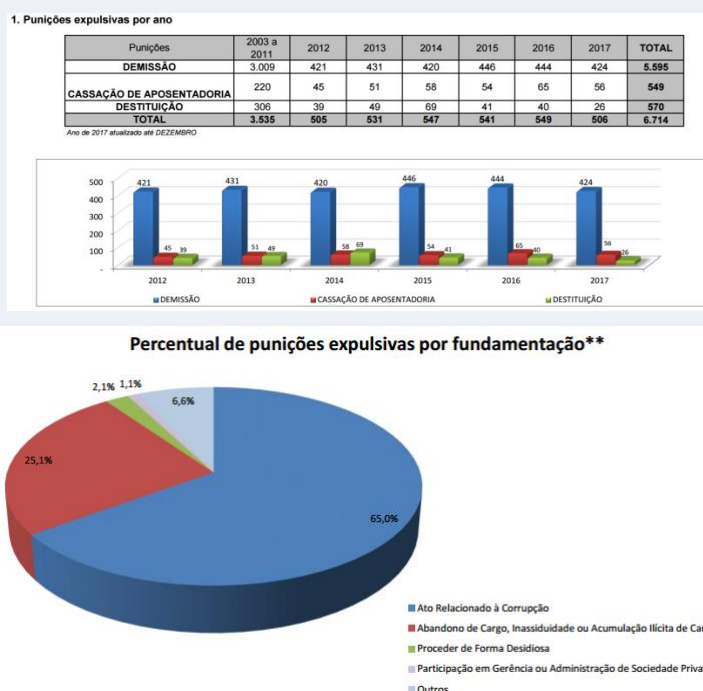
In Colombia the Transparency and Anti-corruption Observatory publishes in its website updated statistics on corruption-related criminal, disciplinary and fiscal sanctions. With regards to disciplinary sanctions, data are taken from the Information System Register for Sanctions and Inability Causes (*Sistema de Información de Registro de Sanciones y Causas de Inhabilidad*, or SIRI) which keeps record of the decisions executed and notified to the Inspector General (*Procuraduría General de la Nación*) by the competent authorities, in particular: disciplinary sanctions, criminal sanctions and inabilities.

In turn, the Transparency and Anti-corruption Observatory elaborates this information not only providing a map and details of sanctions but also analysing the data and providing graphs breaking the data according to several criteria such as entity, breach, department, sanction, and typology of official.





In Brazil, the CGU's website contains a section where data on serious disciplinary sanctions (*punições expulsivas*) to public officials from the Federal Executive Power are reported and updated on a monthly basis. Information is displayed according to different criteria (e.g. year, month, entity, state and underlying conduct) and is elaborated into tables and graphs showing trends and comparisons as in the following examples:



Source: Transparency and Anti-corruption Observatory's website, <http://www.anticorupcion.gov.co/Paginas/Indicadores-de-Sanciones.aspx> and <http://www.anticorupcion.gov.co/Paginas/nota-sanciones-disciplinarias.aspx>; SIRI's website, <https://www.procuraduria.gov.co/porta/Siri.page:h> CGU's website on disciplinary sanctions' reporting, <http://www.cgu.gov.br/assuntos/atividade-disciplinar/relatorios-de-punicoes-expulsivas>.

Furthermore, considering that no single indicator can be useful in isolation, the indicator on administrative responsibility for OICs could be further enriched by considering a set of them. In this sense, the Review illustrated various key performance indicators (KPIs) on effectiveness, efficiency, quality and fairness which could be useful to consider in order

to monitor and address some of the weakness of the system in Mexico. These include measuring the extent to which initial reports of potential offences are duly investigated, where initial reports of misconduct originated, and the share of funds recovered or recuperated as per original sanctioning decision.

4.4. The NACS Co-ordination Committee, in close collaboration with the Tax Administration Service (SAT), could identify risks and causes leading to a low rate of recovery of economic sanctions

Original recommendation:

Studying the possibility of new mechanisms for the application of economic fines and sanctions, such as automatic deductions from salaries and pensions [NACS Co-ordination committee, SFP Specialised Unit for Ethics and the Prevention of Conflict of Interest and General Directorate for Responsibilities].

Recovering economic sanctions from those sanctioned does not only contribute to restore the economic loss of the public administration, but also to promote trust in the system, set an example and create deterrence against future illicit conducts. In Mexico, the disciplinary system – and economic sanctions in particular – do not fulfil any of these purposes. Data illustrated in the Review showed that the share of sanctions recovered has always remained below 1.5% and more recent research estimates that recovered economic sanctions amount to 0,5% of the total imposed (Luis Darío Ángeles González, 2018^[21]).

Following the Recommendation of the Review, the SFP has carried out a useful exercise to assess whether Mexico could introduce new mechanisms for the enforcement of economic fines and sanctions as done in other countries. However, the analysis of the legal framework led to the conclusion that legal safeguards to the salary prevent to consider this possibility. It is positive that this consultation process also involved a key player for recovering sanctions, the Tax Administration Service (*Servicio de Administración Tributaria*, SAT), and that identified some of the causes leading to such a low rate of recovery, which essentially identified information gaps and coordination issues among relevant institutions.

In order to increase the effective enforcement of sanction decisions and restoring trust in the government's ability to create effective accountability of the integrity framework, SFP could continue the assessment initiated with the SAT and promote closer dialogue and coordination within the NACS Coordination Committee in order to identify risks and causes leading to a low rate of recovery of economic sanctions. On top of that, the NACS Coordination Committee could propose an action plan to address those weaknesses as well as to elaborate proposals to improve coordination and overcome legal impediments for alternative enforcement mechanisms such as automatic deductions from salaries and pensions. As mentioned earlier, this assessment would greatly benefit from additional information on the functioning of the system and, in particular, on data on the application of non-economic sanctions.

4.5. The NACS Coordination Committee should scale up the capacity building work to further professionalise and train staff implicated in the disciplinary regime across institutions.

Original recommendations:

- *Scaling-up capacity building efforts for Responsibilities Units and other investigative staff, including but not limited to forensic auditing [SFP Specialised Unit for Ethics and the Prevention of Conflict of Interest and General Directorate for Responsibilities and Unit for Human Resources Management and the Professionalisation of the Public Administration];*
- *Scaling-up awareness raising and capacity building for line managers on the new disciplinary regime and their role in its effective implementation [SFP Specialised Unit for Ethics and the Prevention of Conflict of Interest and General Directorate for Responsibilities and Unit for Human Resources Management and the Professionalisation of the Public Administration];*
- *Scaling-up efforts to build capacities and ensure adequate resources for Tribunals (at national and local levels) given growing mandates SFP Specialised Unit for Ethics and the Prevention of Conflict of Interest and General Directorate for Responsibilities and Unit for Human Resources Management and the Professionalisation of the Public Administration [SFP Specialised Unit for Ethics and the Prevention of Conflict of Interest and General Directorate for Responsibilities and Unit for Human Resources Management and the Professionalisation of the Public Administration].*

The introduction of the new disciplinary regime poses a number of changes and the need to create new capacity to face the new/different competencies and skills needed by each institution participating in the new disciplinary system. An additional challenge is represented by the fact that various regimes will coexist during the transition period into the new system depending on the date the alleged offence occurred, as also identified in the document elaborated by the SFP on the various regimes in place (*Diagnóstico sobre las problemáticas en aplicación de la LGRA*). In order to face these challenges the Integrity Review underscored that the disciplinary regime should count on a wide range of professional competencies including human resources experts, internal control and audit staff, investigators, subject-matter experts (for particularly complex cases), financial experts, IT specialists, managers/co-ordinators and support staff.

After the introduction of the new system in 2016, SFP started a number of training programmes that concerned 6 184 public officials (2016 – May 2018) carrying out disciplinary cases in OIC of the federal administration on the following topics:

- Obligations and responsibilities under the NACS (introduction + general issues);
- Asset and Interest declarations;
- Obligations and responsibilities under the NACS (general issues);
- Progress in the implementation of the LGRA (November 2018).

The SFP has also elaborated and presented to the heads of OICs a document with a guide and formats to standardise the preparation of disciplinary cases (*Guía y Formatos para Homologar la Integración de Expedientes del Proceso de Investigación, Substanciación y*

Resolución de Responsabilidades Administrativas). Plus, it is working to revise a number of documents related to capacity building such as the General Public Auditing Guide (*Guía General de Auditoría Pública*) and a Methodology Guide on Professional Capacity (*Guía Metodológica para la Identificación, Definición, Descripción y Evaluación de Competencias/Capacidades Profesionales*).

While the SFP has displayed substantial efforts to build capacity among OICs through training and material, the issue of professionalisation has been identified by the SFP as one of the key challenges in the implementation of the new disciplinary regime. (SFP, 2018^[24]) Furthermore, staff interviewed during the fact-finding mission confirmed the challenges identified in the Review and identified as key drivers of impunity in the disciplinary system, including the insufficient experience and professionalisation of OICs' staff, the high rate of turnover, room for discretion, uncompetitive wages, lack of training, and understaffing. These interconnected factors continue threatening the effectiveness and objectivity of internal control staff as they prevent their professionalisation and they are considered the cause of the high rate of sanctions revoked in front of the Administrative Tribunal, which indeed annuls an average of 41.8% of sanctions imposed by the SFP. (Luis Darío Ángeles González, 2018^[21]) Additional capacity building efforts are also needed for administrative tribunals, which have gained new responsibilities and - in some states - have to be created, since no action or programme have been reported by those institutions. Again, providing training and professionalisation to tribunal staff is essential to ensure the legitimacy of the system and prevent impunity.

The NACS Coordination Committee should scale up the capacity building work done so far by the SFP in terms of courses and material, and design a comprehensive and sustainable capacity-building strategy within the working group on the LGRA to professionalise and train staff implicated in the disciplinary regime. Coordination should be established with the National Auditing System's (*Sistema Nacional de Fiscalización*, or NAS) capacity-building working group, which is developing a joint training programme to increase the professional quality of audit staff and improve audit and control results (Article 43 of NACS Law). This would not only improve the effectiveness of the system, but also ensure the consistent application of the new framework and the clarification between competences and functions (audit, investigation, deciding on responsibility), which emerged as a fundamental challenge during fact-finding mission. At the same time, NACS Coordination Committee should develop tools and channels guiding and supporting various actors in carrying out cases as well as offering guidance and support in complex or doubtful cases. The NACS Coordination Committee could consider relevant practices illustrated in the Phase 1 Report from both OECD and non-OECD member countries, where far-reaching training strategy have been designed and where support is provided through guides, manuals, or a dedicated email addresses.

4.6. Improving the effectiveness and timeliness of the review and remedies system for public procurement decisions, and ensuring clarity on the update of the list of sanctioned suppliers.

Original recommendations:

- *Improving the effectiveness and timeliness of the review and remedies system for public procurement decisions [SFP's Unit for Control and Evaluation of Public Management and Unit for Government Audit and Unit for Acquisitions, Public Works and Services and Federal Assets];*
- *Streamlining and regularly updating the list of sanctioned suppliers [SFP's General Directorate for Controversy for Disputes and Sanctions in Public Procurement].*

Review and remedy mechanisms throughout the public procurement cycle ensure accountability of the process by providing means to scrutinise the activities of government procurement officials, to enforce their compliance with procurement laws and regulations, and to correct their improper actions. Even though the Mexican review and remedy system is considered independent and comprehensive, the phase 1 Report has shown that it is not always timely as the legal time to review procurement decisions is, in practice, 90 days and this may discourage suppliers from raising a complaint.

Since Mexico did not report any action to improve the effectiveness and timeliness of the review and remedies system for public procurement decisions, SFP could consider the recommendation elaborated in the report to carry out an assessment of all the steps that have to be undertaken to adopt a decision, identify the steps which need particular attention, and take corrective actions to ensure that the time limits are being respected. Furthermore, legislative changes to the Law on Acquisitions, Leasing and Services of the Public Sector (*Ley de Adquisiciones, Arrendamientos y Servicios del Sector Público*, LAASSP) should ensure that all relevant stakeholders have the possibility to denounce potential corruption cases and that the costs necessary for a supplier to ask for suspension (a financial warranty equivalent of between 10 and 30% of the approved budget for the procurement procedure) do not create disincentives.

With regards to sanctions, the Phase 1 Report recommended to streamline and regularly update the on-line directory of sanctioned suppliers and contractors (*Directorio de Proveedores y Contratistas Sancionados*, https://directoriosancionados.funcionpublica.gob.mx/SanFicTec/jsp/Ficha_Tecnica/SancionadosN.htm), which includes individuals and entities sanctioned (*multados*) by the SFP or by the OICs in the framework of public procurement processes at the federal level or state level when they involved federal resources (according to Article 59 of the LAASSP) as well as individuals and entities that have been excluded (*inhabilitados*) from public procurement permanently or temporarily (according to Article 60 of the LAASSP). Similarly to the list of sanctioned officials, the publication of sanctioned suppliers contributes to increasing the transparency and accountability of the system as well as to restore trust and legitimacy in government procurement. Furthermore, the information contained therein could contribute to monitor and evaluate the procurement system but also the performance of the disciplinary system.

According to the reported information, SFP circulated a note (*circular*) on 14 December 2017 requesting to immediately and permanently update the directory and to inform all entities of the public administration once a supplier has been excluded. Although the directory

cannot be searched by year, the webpage declares that information is updated daily and, as of 18 July 2018, the number of sanctioned and excluded suppliers has indeed increased to 1 766 from 1 236 of 26 October 2016. However, a random search in the directory showed that suppliers and contractors are not deleted from the list once the exclusion period terminates. In order to clearly communicate the way the list functions and contribute to enhance the trust on the enforcement mechanisms, the SFP could clarify in the homepage of the list that a sanctioned supplier or contractor is deleted from the list only once the corresponding fine has been paid. Although the sanctioned entities are those responsible for complying with the law and paying the fine, the share of sanctions recovered by the SAT is critically low, and this is due to challenges in information sharing and coordination among institutions involved in the recovery (cf. section 4.4). The NACS Coordination Committee could therefore promote discussion with the SAT in order to identify risks and causes leading to a low rate of recovery of economic sanctions as it creates impunity but also affects the usefulness and function of the list of sanctioned suppliers and contractors.

On top of these efforts, SFP developed a co-ordinated strategy for Internal Control Bodies (*Órganos Internos de Control*, OIC) to promote and verify the appropriate use of CompraNet (*Estrategia coordinada entre la Coordinación General de Órganos de Vigilancia y Control y la Unidad de Política de Contrataciones Públicas para que los Órganos Internos de Control promuevan y verifiquen el uso adecuado de CompraNet*, the Strategy). The Strategy provides for oversight in order to verify that procurement practitioners are aware of their obligations regarding their use of CompraNet to upload and disclose documents and to check that the information is really there. Table 4.1 below illustrates the action lines, activities, and timelines of the Strategy.

Table 4.1. Co-ordinated strategy to promote and verify the appropriate use of CompraNet

Action lines	Activities	Timeline
I. Legal Framework	Consolidate a set of documents with the current and applicable regulations for the use of the CompraNet system To make this set of current regulations related to CompraNet available to OICs through the serOVC (the Evaluation System for OICs' Results, <i>Sistema de Evaluación de Resultados de los Órganos de Vigilancia y Control</i>) system	In accordance with the modifications to the applicable regulations
II. Generation of inputs for the dissemination of relevant information	To periodically send information related to the CompraNet system and to be used as inputs for follow-up activities by the Commissioners and Public Delegates (DC) and the OICs Make information submitted by the Public Contracting Regulations Unit (<i>Unidad de Política de Contrataciones Públicas</i> , UPCP) available for the attention of DCs and OICs	Trimestral
III. Updating of user accounts with "supervisor" profile	The UPCP and the General Co-ordination of the Supervisory and Control Bodies (<i>Coordinación General de Órganos de Vigilancia y Control</i> , CGOVC) must update and, where necessary, refine the list of user accounts with the profile of supervisors of the OICs	In accordance with the modifications to the users
IV. Informative sessions/talks	Develop informative talks with the sectors of the Supervisory and Control Bodies on issues related to monitoring and control that they should carry out to verify that users are using the system correctly Convene remote sessions for the presentation of aspects related to the CompraNet system or more detailed advice Attention to queries and guidance via e-mail and telephone with the supervisors assigned to the OICs that carry out the verification tasks in the CompraNet system	Trimestral In accordance to needs In accordance to needs

Action lines	Activities	Timeline
V. Participation in institutional Committees	The CGOVC will rotate the instruction for the DCs to perform the following actions: 1. Promote the appropriate use of CompraNet in the sessions of the Committees in which they participate with the institutions 2. Make opinions or recommendations in these Committees, based on the inputs and information indicators provided by the UPCP (Action line II) 3. Co-ordinate and instruct the OICs in their sector to promote and verify the proper use of CompraNet, developing a monitoring and control approach to verify that users are using the system correctly	In accordance with the timetables of the Committees in which they participate
VI. Co-ordination of OICs to promote the use of CompraNet	The CGOVC will coordinate by itself, or through the DCs, the instruction given to the OICs to promote and verify that the institutions to which they are assigned make appropriate use of CompraNet	In accordance to needs
VII. Worktables with OICs	Carry out worktables with the intention of identifying the needs of the OICs, with the aim of designing new tools to carry out a correct verification	In accordance to needs
VIII. Strengthening Annual Work Programmes (<i>Programas de Trabajo</i> , PAT)	Make proposals to incorporate the draft guidelines for the preparation of the PAT 2019 into the project Analyse proposals and, if necessary, add to the guidelines for the preparation of the PAT 2019	Annual, in accordance with the integration of the guidelines for the preparation of the PAT

Source: Ministry of Public Administration.

Chapter 5. Proposals for action

Based on the findings and analysis of the progress made in implementing the action plan defined in the Phase 1 report, a new set of priorities and actions has been developed. The following list of proposed actions provides a road map for the Government of Mexico to advance its efforts in building a public integrity system through improved co-ordination and mainstreaming of integrity throughout the administration and society in 2019.

5.1. Strengthening institutional arrangements for coherence and effective cooperation

- The NACS bodies should continue favouring an open and inclusive consultative process with citizens, institutions, level of governments and sectors to consolidate and adopt a comprehensive and actionable National Anticorruption Policy.
- The NACS should develop a coherent implementation programme that links the anticorruption actions to both the specific integrity risks of the entities and to the objectives in other strategic areas such as economic development, digital government, and gender.
- The NACS bodies leading the consultation process on the National Policy and the government teams discussing the strategic plans could establish close cooperation and mutually involve each other in preparing respective documents through regular meetings and events.
- The National Anticorruption Policy could further emphasise key issues such as the financing of political parties and election campaigns, creating an open organisational culture in public entities, ensuring accountability through a robust internal control and risk management, and the role of stakeholders such as private sector, civil society and trade union in promoting a whole-of-society culture of public integrity.
- The NACS Co-ordination Committee could carry out a systematic review of organisations' risk maps and risk management plans to ensure alignment with the National Policy and the Implementation Programme.
- The cooperation between the NACS and private sector representatives could be formalised to allow considering the their perspective of the private sector and discuss their initiatives.
- The NACS Executive Secretariat should continue monitoring the budget allocation to the LACS and give further visibility to the Budget Allocation Index measuring the allocated budget per capita in relation to the amount allocated at federal level.
- The NACS Executive Secretariat could further upgrade and complement its monitoring and evaluation activity of the LACS with a qualitative analysis of the implementation assessing whether the bodies and mechanisms function effectively and do not get captured *de facto* by local powers.

- The NACS Executive Secretariat could introduce a mechanism to publicly monitor its own implementation similar to the one used for the LACS.
- The Citizen Participation Committee should be able to independently carry out the tasks entrusted by the law through its formal recognition as legal person and receiving regular funding from the annual general budget to support its team and operational needs.
- To ensure impartiality from any specific institution, the CPC could also seek complementary funds from bilateral or multilateral co-operation agencies and discuss innovative options to cover the expenses or to contract out services based on a lump sum payment.
- The NACS could make sure that the Advisory Group for the National Digital Platform counts with the competences and resources to addresses all potential challenges in the current key phase of the design of the system and provide strategic recommendations.
- To ensure that integrity is mainstreamed throughout the public management processes, permanent integrity units could be nominated in each entity, replacing the CECPI, with dedicated staff, either full-time or part-time taking into account the size and the specific integrity risks of the entity, purely preventive functions, financial resources to implement the activities related to their mandate, and a direct reporting line to the highest authority of the respective entity.

5.2. Cultivating a culture of integrity in the public sector and in society more broadly

- The UEIPPCI could streamline the Code of Ethics to 5-9 values for more clarity and ownership by consulting public servants on the most relevant values
- The UEIPPCI could revise the protocol for public procurement officials focussing on incentivising and guiding public servants to manage conflict-of-interest situation and ethical dilemmas instead of reinforcing tougher controls that can negatively impact public servants intrinsic motivation.
- The UEIPPCI could evaluate the codes of conduct to ensuring that public servants identify with the values of the codes and to strengthening their usefulness as a tool to reinforce ethical behaviour. In case revisions are necessary, as the degree of ownership is low, they could be made in a participatory way involving all public servants within the organisation to ensure that the code of conduct is relevant.
- An induction training for public officials on public ethics could be made mandatory irrespective of the public official's contractual status to build capacities and support public officials in applying the values and principles in their work. These trainings could include practical examples of possible conflicts of interest and ethical dilemmas. In addition, refresher courses could be offered. Participation in the courses could be evaluated positively in the performance evaluation.
- The UEIPPCI could consider introducing a mandatory and more extensive training course for all senior officials on public ethics and integrity, which could focus in specific on senior officials' role in guiding employees, and advising them in case of ethical dilemmas or conflict of interest.
- Approaches inspired by behavioural insights could be used to provoke ideas and discussion on integrity, such as e-mail reminders and competitive quizzes

- By including concrete practical steps on how to declare a conflict-of-interest situation and a section differentiating between the ad-hoc declaration and the asset declaration in the *Guidelines on preventing and managing conflicts of interests*, the process for declaring a conflict-of-interest situation could be clarified and a clear demarcation between declaring an ad-hoc conflict of interest and the asset declaration.
- The SFP could design an awareness-raising campaign using behavioural science to communicate the prohibition to accept gifts during periods in which gifts are commonly received.
- The SFP could pilot measures based on behavioural insights to reinforce the Code of Ethics and codes of conduct and to test what kind of tools to change the choice architecture and encourage ethical decision-making is effective.
- To ensure that the verification process of the asset declarations do not diverge across institutions, the Co-ordination Committee could establish a set of verification guidelines for all internal control bodies.
- The SFP could relaunch the reform of the Professional Career Service with the objective of strengthening merit in the selection and promotion of public servants by setting clear and transparent criteria for entry, professional development, performance evaluation and severance of public servants.
- The SFP could include develop specific actions to mainstream integrity throughout the Human Resources process, such as:
 - During the recruitment phase, a clear statement in the job offer that integrity is key for the public service and this position could be included and targeted integrity questions on candidates' experience developed
 - As part of encouraging professional development, integrity and public ethics trainings could be made mandatory
 - During performance evaluations, integrity could be included as a performance indicator for senior management and those public servants exemplifying ethical conduct could receive a small incentive highlighting their behaviour.
 - When leaving the public service, exit interviews could include a risk assessment for any conflict-of-interest situation that might arise from future employment for senior public servants and appropriate risk mitigation strategies could be suggested.
- To ensure an effective whistleblower protection framework, the General Law on Administrative Responsibilities could be amended to include:
 - a non-exhaustive list of available protective measures for whistleblowers,
 - specifically prohibit the dismissal without a cause and other work-related reprisals, such as demotion, suspension or harassment and
 - shift the burden of proof to the employer to provide evidence that sanctions exercised against a whistleblower were not related to the disclosure would strengthen the protection mechanism.
- To ensure the protection of whistleblower rights, capacity-building efforts for internal control bodies could be reinforced and include effective communication with the

whistleblowers to provide reassurance that complaints are investigated, protecting their anonymity.

- The UEIPPCI in collaboration with the integrity units and Human Resources could pilot measures supporting an open organisational culture such as guiding senior officials to provide advice, frequent well-being measures and feedback from public servants on how to improve the work environment.
- To ensure an effective evaluation of the whistleblower protection framework, key data could be collected by the General Co-ordination Body for Oversight and Control Organs, such as the number and types of disclosures received, entities receiving most disclosures, outcomes of disclosures and number of protective measures granted.
- The NACS Co-ordination Committee could develop a strategic approach to strengthen integrity among society and the private sector going beyond stand-alone efforts. This could include a communications strategy consisting of a series of awareness raising campaigns.
- The NACS Co-ordination Committee could provide specific advice the SEP on the proposal to modify the PNCE to incorporate integrity lessons and training teachers to execute integrity lessons through specific advice.
- By introducing incentives for the private sector to adopt a business integrity programme and establishing an effective verification process, the implementation of article 25 of the LGRA could be strengthened.

5.3. Strengthening the public sector's lines of defence against corruption

- The SFP could pilot dedicated risk management committees, other than COCODI, in large public organisations. Alternatively, the SFP could establish a committee with focus only on fraud and corruption control, while COCODI would focus on business risk management and governance issues.
- The SFP could pilot independent ministerial audit committee consisting of a majority of external members and responsible for a cluster of 2-3 ministries/agencies.
- The NACS and the NAS, with support of the SFP and OICs, could design a capacity-building strategy on internal control and risk management processes ensuring continuous training throughout the career as well as systemised ad-hoc activities for high-risk functions and for different staff groups, such as those responsible for audit, financial functions or investigations.
- Mexico could consider introducing a national certification policy for internal control and audit professionals to be linked with training and capacity building activities.
- The SFP, in close collaboration with the Advisory Group of the National Digital Platform, could develop a concrete action plan to promote the use of data analytics tools for effective risk management.
- The SFP could expand and institutionalise the review of risk maps and PTAR and including the corresponding information in an online observatory allowing to closely monitor, assess, and even review if needed, the quality and impact of the existing tools.

- The SFP could revise the self-assessment methodology for organisations to evaluate their risk management and internal control systems and instituting “second tier” evaluations of these assessments.
- The SFP could establish stronger linkages between internal control policies with budget allocation and human resources policies by favouring coordinating between those in charge of internal control and risk management policies with relevant entities in SFP or other ministries.

5.4. Enforcing the integrity framework for deterrence and greater trust in government

- The NACS Co-ordination Committee’s Working Group to address the challenges in the application of the LGRA could discuss and propose reforms to address challenges and weaknesses in the sharing of information and coordination among entities involved in the new disciplinary procedure.
- The NACS Co-ordination Committee’s Working Group could clarify the role of the internal affairs unit in investigations.
- The Administrative Justice Tribunal could improve transparency of its ethical framework and policies, and - in the context of the NACS Coordination Committee - discuss a joint initiative with the SFP to scale up communication and training efforts on the administrative tribunal’s integrity policy.
- The NACS Coordination Committee could develop a comprehensive system to measure and evaluate the performance of the disciplinary system taking advantage of synergies with the future National Digital Platform and the information collected through the existing case management system (SIRA).
- The NACS Co-ordination Committee could also design mechanisms to process and publish timely, comprehensive and accurate performance information on the functioning of the disciplinary regime in a user-friendly manner.
- The performance evaluation mechanism of the OICs’ responsibilities area could be further enriched by considering additional indicators such as the extent to which initial reports of potential offences are duly investigated, where initial reports of misconduct originated, and the share of funds recovered or recuperated as per original sanctioning decision.
- The NACS Coordination Committee could promote dialogue and coordination between the SFP and the SAT in order to identify risks and causes leading to a low rate of recovery of economic sanctions. This could lead to an action plan identifying weaknesses as well as to elaborating proposals to improve coordination and overcome legal impediments for alternative enforcement mechanisms.
- The NACS Coordination Committee – in close coordination with the NAS’ capacity-building working group – could scale up the capacity building work done so far by the SFP in terms of courses and material, and design a comprehensive and sustainable capacity-building strategy within the working group on the LGRA to professionalise and train staff implicated in the disciplinary regime.

- The NACS Coordination Committee could develop tools and channels guiding and supporting various actors in carrying out cases as well as offering guidance and support in complex or doubtful cases.
- The SFP could clarify in the homepage of the list that a sanctioned supplier or contractor is deleted from the on-line directory of sanctioned suppliers and contractors (*Directorio de Proveedores y Contratistas Sancionados*), only once the corresponding fine has been paid. At the same time, the SFP could improve information sharing and coordination with the SAT to improve the rate of sanctions' recovery of sanctions.

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RESPONDING TO CITIZENS' EXPECTATIONS