

**BUILDING A TRANSPARENT AND HONEST
GOVERNMENT IN MEXICO. INSTITUTIONAL REFORMS
AND ANTICORRUPTION POLICY**

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BUILDING A TRANSPARENT AND HONEST GOVERNMENT IN MEXICO. INSTITUTIONAL REFORMS AND ANTICORRUPTION POLICY¹

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“It is also possible that the extent of corruption has not changed as much as our awareness and tolerance of it”

Robert Klitgaard

INTRODUCTION

Corruption and low performance are two major problems in any public sector. Despite the numerous books, papers, working papers, conditions, and other guidelines oriented to define models and schemes for public sector reform, one conclusion arises: there is not a universal model for both improving public sector and eliminate corruption. Every public sector is different from another one. This is not a new sentence, but sometimes public managers do not consider such truth when a reform model is to be adapted or adopted.

It is a fact that almost all public sectors are reforming structures, institutions and organisations. It is also a fact that New Public Management (NPM) has been the paradigmatic set of models for reforming public sector during last ten years or more. Good governance and NPM have a special correlation in any public sector. NPM and anticorruption policies are two sets of strategies oriented to create better public sectors, but at the same time, they have not been working together to date.

In this context, some issues have recently been included in almost any public sector agenda for reform: corruption and opacity. There is not a corruption-free public sector and corruption is not a monopoly of public sector, private sector is a dynamic agent in this phenomenon. Consequently, in one way or another all public sectors are suffering from such problems, although such hypothesis is more frequently demonstrated in developing countries.

The topic of corruption is relatively new as part of the research agenda for public sector reform. There was not much documentation about it ten years ago. International organisations did not show much interest in the topic. Curiously, citizens knew that something was persistently wrong in government. In fact, in some countries corruption became an accepted practice for every activity in market, politics or, simply, as part of everyday life. Then, corruption is rooted in societies.

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In the theoretical field, some advances are creating new features for NPM and public sector reform models. Here, institutional analysis is fundamental to NPM in order to strengthen its analytical value as well as the possibility to create real long-term reforms in public sectors.

Mexican Federal Public Administration (MFPA) is in the middle of this context. It has historically been characterised as trapped in problems related to opacity, inefficiency, and corruption. Several causes can explain such problems, but the nature of institutions, organisations and public servants inside public administration are important reference points to start an analysis of problems.

Beyond questions, the MFPA has been impacted by several public sector reform models. During the last thirty years multiple reforms have been attempted, some with success and other absolutely futile. However, and despite historical advances, MFPA is still facing multiple problems associated to corruption, opacity and low performance.

This paper explores the Mexican Federal Anticorruption Policy. Here, the analysis is centred in multiple institutional and organisational reforms and innovations oriented to deal with corruption and increase transparency. For this objective, the central argument through the paper is that there are no possibilities of tackling corruption or improving transparency in public sector without an integral approach that consider reforms for improving performance (NPM based) with institutional (long-term) reforms.

Derived from this argument, there is one general proposal in theoretical terms, which can also be a major conclusion. NPM reform model requires to be strengthened considering analysis of corruption and opacity issues as well as institutional analysis in order to understand the specific context where reforms are implemented, to understand that rooted problems can distort any reform policy, to understand how public sector reforms can be constructed for long-term, and also to understand that any reform is generated by agents interacting in political-bureaucratic contexts with multiple incentives, transaction costs and changing structures for agreements.

The structure of this paper is based on five parts.

The first part makes a review of some theoretical arguments for considering NPM as the current public sector reform model and its relation with corruption issues and institutional analysis, where the lack of a bureaucratic regulation theory is also considered.

The second part analyses some impacts of corruption in economic, social and bureaucratic areas. This section is mainly concerned with exploration of some theoretical and empirical evidence about corruption and its impacts in order to identify problems in public sector and, generally, in some aspects of governance.

Based on the previous sections, the third part briefly explores the historical evolution of the Mexican anticorruption policy, mainly in institutional terms. Here, an analysis of last thirty years takes to the conclusion that, despite several progresses, there was not an integral policy for facing such deep-rooted problems. The fact of having a new political party ruling the national Presidency, after more than 70 years of only one ruling party, has made some differences with the past.

Following the historical review, the fourth part is the central section of this paper. Here, there is a description and analysis of the current Mexican federal anticorruption policy. It is stated that the creation of the 'Interministerial Commission for Transparency and against Corruption in the Federal Public Administration' has changed all the structures for designing, co-ordinating, implementing, monitoring and evaluating anticorruption policies, actions and strategies. This Commission and the institutional reforms in the last years have been assembling an integral anticorruption policy.

Finally, in the section of conclusions, some of the main ideas in the paper are summarised.

I. THE NEW PUBLIC MANAGEMENT. INSTITUTIONAL FRONTIERS FOR A PARADIGMATIC MODEL

Two important events in public sector have been constant during the last two decades: i) permanent and severe questioning and challenging to its performance, and ii) the definition of one universal and world-wide accepted reform model.

The origin of both events is commonly justified by the right-wing political parties that have reached important political positions since the late 1970s. These new governments supported policies oriented to reduce the size and costs of public management while encouraging private and market-oriented activity in domestic economy.

Therefore, political notions oriented to reduce the role of government also diluted the belief that governments could play a positive and competitive role (Kettl, 1990; Adonis and Hanes, 1994), meanwhile the new philosophy for government emphasised severe reductions in size and private provision of services (Baldwin, 1995). Public sector reforms have been oriented to solve problems generated by adverse economic conditions, governmental overload, as well as the lack of effectiveness, efficiency and productivity (March and Olsen, 1989; Metcalfe and Richards, 1990).

In this context, a public sector reform model has been designed. Such model is fundamentally oriented to create market-based public sectors (Land and Rosenbloom, 1992; OECD, 1993; 1995), reduce the size of civil service and increase governmental efficiency (Metcalfe and Richards, 1990).

While during the 1980s the reforms were mainly centred in the quantitative aspects of the public sector related to problems of 'size' or 'costs' (faced with privatisation and fiscal policies), during the decade of 1990s, however, the reforms were basically oriented to transform several qualitative aspects of public sector like regulatory frameworks, public service delivery, performance measurement, and civil service systems, although issues about 'size' were still important (Franco, 2001).

The group of reforms has been labelled as 'market-based' or 'entrepreneurial', where market mechanisms are better in resources allocation and a more proficient provider of services (Osborne and Gaebler, 1992; Minogue, 2001). Such group of reforms and approaches for reforming public sector have been integrated under the name of the New Public Management (NPM). Lane (2000a: 3) states that NPM is "the theory of the most recent paradigm change in how the public sector is to be governed".

NPM contains two basic features: i) NPM has been transferred to numerous public sectors not only because of the successful changes in several developed countries, but also because multiple international organisations and donors have supported policies related to the NPM model, ii) consequently, it has been characterised as a 'paradigmatic' 'universal' or even 'inevitable' trend for public sector (Hood, 1991; Dunleavy and Hood, 1994; Minogue, 1998) creating the image of a 'contextless public administration' (Haque, 1996). In fact, because of this international importance, public sectors are tempted to 'adopt' the model to improve governmental performance or, simply, to be in the same line as other countries. However, and despite such paradigmatic notion of NPM, its 'universality' is also questioned because disparities in contexts and realities (Dolowitz and Marsh, 1998; Minogue, 2000; Ferlie *et al.*, 1996).

Hence, NPM has been reconfiguring study and practice of public sector (both management and reform). Such reconfiguration is based in a managerial performance nature and an economics-based theoretical design. Despite the advances and structure of NPM as the model for public sector reform, two main aspects are essentially required if NPM pretends to be as 'universal' and 'paradigmatic' as it has been stated.

First. NPM hardly considers issues related to transparency and anticorruption policies. In fact, some theoretical agreements seem to place NPM as a trend for lessening public sector controls in order to foster innovation and creativity in public servants. However, corruption and opacity are two major issues in public sector. Anticorruption and transparency policies are kind of compulsory tasks to reach objectives in NPM reforms required for improving performance. Without honesty and transparency in public sector, none NPM reform can be expected.

Besides criticisms to NPM about its origin from developed countries and from the 'efficient' private management practices, corruption and opacity opportunity areas are also fundamental for NPM reforms. In fact those two topics are not exclusive neither of developing countries nor public sector. Corruption and opacity are also

issues in developed countries as well as for private sector. Although “in developing countries, the reduced accountabilities linked to public management reforms have given rise to new anxieties about public service ethics” (Minogue 1998: 32). Furthermore, some deficiencies in relationship corruption and NPM reforms, brings the question of whether NPM reforms are appropriate to developing countries (Polidano *et al*, 1998).

In this sense, McCourt (2001) states that two conditions are vital for the model (NPM): i) administration integrity must be such that citizens make quality rather than integrity of service their priority, and ii) administrative capacity must be enough to carry the load that the new approaches impose.

In consequence, more research is needed on the link between transparency and anticorruption issues and the NPM reform model. Corruption is a topic increasing attention as part of good governance agenda (Minogue, 2002).

The issue of accountability is central in the NPM model because it involves a change from ‘compliance accountability’ (where managers are subjected to detailed rules, with some sort of sanction for non-compliance) to ‘performance accountability’ (where managers are subject to incentives to reach goals) (Hood *et al*, 1999), or as Polidano (2001: 52) said “to move from accountability for inputs (obeying the rules on spending and staffing) to accountability for outputs (performance)”.

Second. NPM hardly considers the issue of how public sector reforms are constructed (bargained, consented) implemented, enforced and, eventually, changed or eliminated. NPM generally offers a framework for promoting (fostering) reforms in public sector or guidelines about how managing public sector organisations. Doubtless, NPM has integrated public sector reform policies and strategies.

It seems that NPM reforms have forgotten that institutions do matter. This, in two major fields: i) NPM-based reforms will success as they consider institutional framework in particular contexts; ii) institutional change is fundamental in public sector reform, without such changes NPM can be considered as superficial and short-term set of reforms.

The concept of institution has dominated studies in social sciences during the last ten years or more, where public sector management theory is not an exception. In fact, NPM has been influenced by new institutional economics theory (Dilulio, 1989; Hood, 1991; Sheaff, 2000). In addition several other fields of study have also impacted the study of public sector reforms like principal-agent theory, rational choice, transaction-cost analysis, game theory, economic analysis of law, and other (Grindle and Thomas, 1991; Dunleavy, 1991; Posner, 1992; Barzel, 1997; Lane, 2000).

Dilulio (1989) states that the ‘new institutionalism’ should take shape as an approach to public management studies that directs scholars: i) to observe how members at every level of an organization ‘really behave’, ii) to relate systematically these

observations to the formal character of the organization in order to see what (if any) connections exist, and iii) to search systematically for the connections (if any) between organizational activities and real-world outcomes.

The concept of institutions as “rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction... they structure incentives in human exchange, whether political, social or economic” (North, 1990: 3) is relevant to the study and implementation of NPM as public sector reforms model. In addition, “institutions consist of a set of constraints on behavior in the form of rules and regulations; and, finally a set of moral, ethical, behavioral norms which define the contours and that constrain the way in which the rules and regulations are specified and enforcement is carried out” (North, 1984: 8). This importance is supported by two main spaces in the NPM’s current research agenda.

First. NPM requires an institutional theory. In order to strength the study, design, implementation and evaluation of NPM reforms, more research is needed of the linkage between institutional analysis and NPM. Even when institutional theory is in exploratory stage and its terminology is not fully agreed (Eggertsson, 1990), institutional analysis brings a strong framework for understanding how public sector reforms are completed or, in some cases, deficient or unfinished too. Even more, the study of institutions can help to understand how public management operates, mainly in those contexts with strong legalistic tradition or where informal institutions (customs or habits) are equally relevant to formal institutions. Even when neoinstitutionalism has a strong support from economics, it is organisationally centred, it applies to any kind of organization, specially to nonmarket organisations (Williamson, 1975; 1985).

One basic issue is that NPM reforms are shaped by political environment, which determines the possibility of implementing such reforms. Political environment is a prime factor for reforming public sector (Minogue 1998a). Hence, political institutions are a central issue in analysing almost any kind of public sector reform. Subsequently, “it is crucial to emphasize the role of institutions in shaping political behavior, rather than depending upon preferences of the individuals who join the institution” (Peters, 1999: 338), on the other hand, “interests and cleavages are seen as created by institutional arrangements and maintained by institutional processes of socialization and co-optation” (March and Olsen, 1996: 250).

The study of institutions is central to understand the paths by which public sector is managed and reformed. Political institutions and institutional arrangements shape agents’ behaviours and agreements about reforms. Institutional analysis constitutes the foundation for strengthening a more ‘equipped set of theories’ about public sector reform, currently under the name of the NPM.

As a result, analysing institutional change within public sector reform can reveal how several adjustments in the ‘rules of the game’ affect behaviour in agents. According to new structures of incentives, possible elections, transaction costs, property rights, and enforcement mechanisms, agents will decide their involvement

in reforms or, simply, their performance or behaviour within public sector. The design of any single institution should take into account the nature of the supporting institutions, skills, technology and corruption (World Bank, 2002).

According to Franco (2001), NPM is being enriched with institutional analysis because it places institutions, organisations and agents, mainly political-bureaucratic, in the centre of public sector management and reform. NPM and institutional analysis are complementary approaches. “The theory of the design of institutions is orientated towards finding the rules of human interaction, which promote the achievement of optimal social outcomes” (Lane, 2000a: 132). In the case of corruption issues, for instance, it is important to notice who gains and who loses from corrupt acts. This aids in identifying those forces likely to support and to oppose anticorruption programmes (Klitgaard, 1988: 47). Such identification might reflect agent’s agreements and institutional incentives.

Of course, institutional analysis is not a magic crystal ball showing a complete image about how changes are done. It is a supporting mechanism for analysing process of historical changes or stability in multiple systems. This analytical framework also helps to understand why some public sector reforms fail; even with an ‘optimum’ programme and why policy transfer does not achieve expected results. This places reforms as part of political process and not just a question of ‘automatic’ transfer or adoption-adaptation cycles of reforms. Bureaucratic reforms require long-run commitments and persistence (March and Olsen, 1983) and, even more, copying institutional models without considering whether they are needed by those they are supposed to serve, and the capabilities of governments and citizens, can waste scarce resources (World Bank, 2002).

For example, in the particular case of corruption, Klitgaard *et al.* (2000:9) state that people blame corruption for the fact that neither freer markets nor democratic reforms have yet lived up to expectations, in order to avoid admitting that those reforms may not work equally well under all settings. Furthermore, the relevant analytical problem is not to assess the harmfulness of corruption but why different political systems foster different levels of corruption (Ali and Isse, 2003: 449)

Because administrative apparatus can be viewed as a set of institutions (Loegreid and Roness, 1999), administrative reform can be interpreted as a process of institutional change, which transforms institutional equilibrium creating new arrangement among agents and agencies. In fact, most of public sector reforms start with institutional changes (creation or reforms to laws, norms or regulations), where some problems are identified or where existing ruling bureaucracy want to establish new orders. Weaver and Rockman (1993a: 465) define that “the most obvious route to institutional change is a massive failure in governance... however, without massive institutional failure, institutional rules usually are changed either because newly empowered elites want to consolidate political power or because old elites, fearing a loss of power, want to manipulate the rules to hang on”.

Demands for institutional change or reforms are based on critiques of administrative institutions, generally oriented to a general disenchantment with its performance and structure (March and Olsen, 1989). Thus, for instance, when corruption becomes an issue, it is almost a reflex to think of new rules and laws the solution (Klitgaard *et al.*, 2000). However, because ruling elites defend their short-term interests and they are insensible to long-term necessities for changing institutional framework, governments frequently do not have incentives to create efficient institutions. Prevailing incentives helps to keep existing institutions, without considering its efficiency or equity (Ayala, 2002).

Thus, in several ways, public sector reform is a process of institutional change. Basic reforms like regulatory improvement, privatisation, marketisation or changes in the civil service framework are institutional reforms because they change the environment and the structure of rules (constraints) and incentives for agents, including a general set of agents like society. Such reforms are also changing relationships between public organisations, individuals and markets (Franco, 2001).

Second. NPM requires a stronger theory of bureaucratic regulation, where institutional analysis can constitute its basement. A major issue within NPM reforms is regulation. In fact, much of the study of NPM is oriented to the analysis of multiple regulatory issues (for instance, regulatory reforms, regulatory improvements, deregulation, re-regulation, and other). Generally, any type of regulatory analysis is universally based on economic theories. There is not a proper theory of bureaucratic regulation (public sector-oriented) theory of regulation itself. It is necessary to develop a theoretical framework that helps to study, analyse, design and reform bureaucratic regulation.

Regulation analysis suffers from very basic problems. There is not a definition of regulation (Mitnick, 1980; Majone, 1990). A difficulty here is that commonly, regulation is identified as the link between public and private sector through markets and industries. Regulation in economies involves the setting of particular rules regarding market structure and business conduct and these rules both arise out of and influence the future shape of economic institutions (Parker and Kirkpatrick, 2002: 4).

Regulatory process is part of political decisions and process (Wilson, 1980). In addition, changes in formal institutional arrangement reflect the power (and the constraints) of the rule makers compelled by transaction costs to select institutions (North, 1990; 1990a; 1995). In fact, organisations are collections of standard operating procedures and structures that define and defend values, norms, interests, identities, and beliefs (March and Olsen, 1989).

Interest groups' activities may affect regulation in a manner that interferes with the realization of private preferences and regulatory bureaucracies may have lives beyond the sum of their parts (Baldwin and Cave, 1999: 23). Both authors continue "regulation is thus seen as shaped not so much by notions of the public interest or

competitive bargaining between different private interests but by institutional arrangements and rules (legal and other) (Baldwin and Cave, 1999: 27).

Institutional analysis can help to structure a theory of bureaucratic regulation. Based on the concept of institutions as ‘the rules of the game’. Institutions are conceptually the same as regulations. Institutions include formal constraints, notably laws, constitutions and rules, as well as informal constraints such as norms of behaviour, customs and conventions (Parker, 2001). Regulations, as institutions, establish rules for agents; and create structures of incentives and constraints. In addition, both formal and informal institutions and their enforcement qualities are fundamental, and enforcement depends heavily on informal rules, such as norms, customs, and conventions (North, 1990).

This framework is important because a regulation can create or reduce opportunities for corruption (Klitgaard *et al.*, 2000: 130). Hence, regulation and bureaucratic red tape are often identified as one of the worst products or inefficient government institutions. Excessive regulation may create a generalized drag on businesses or may favor some kinds of businesses over others, either as an intended consequence of implementation or as a result of the structure of costs imposed by regulation (Stone *et al.*, 1995: 106). Actually, regulation, specifically opacity in regulations, is a fertile ground for corruption because it can benefit to some and affect others; it is an ideal setting for rent-seeking (Tanzi, 1998; Cariño, 2002). In addition, poor regulation increases uncertainty about the returns from investments and individual transactions (Stone *et al.*, 1995: 106).

There is a high correlation between regulation and corruption. Excessive and costly government regulations facilitate corruption and lead to adverse distributional consequences by inducing workers and firms to escape into the informal sector (World Bank 2001: 135). However, relevant modes of conduct in the context of the regulatory state would seem to include probity in public administration, independence of the courts, low corruption and cronyism, and traditions of civic responsibility (Parker and Kirkpatrick, 2002:5).

In sum, institutional analysis is fundamental in a required theory for bureaucratic regulation because institutional structure and arrangements, as well as social processes, significantly shape regulation –that there is more driving regulatory developments than mere aggregations of individuals’ preferences (Baldwin and Cave, 1999: 27).

II. CORRUPTION AND THE GOOD GOVERNANCE AGENDA: OLD AND NEW PROBLEMS

Some of the most important impacts of corruption on three aspects of governance like economic, social, and administrative fields are referred below.

Economic development and corruption

Corruption can be commonly defined as the use of a public position for gaining private benefits, and it tends to be more uncovered in developed countries. This situation can be partially explained because economic development reduces illiteracy and implies a high educative level creating conditions for rejecting corruption acts, it derives in a much more informed society with more specific demands to public sector, mainly those related to performance and transparency.

Furthermore, economic development foster depersonalized transactions both in economy and inside public sector. The use of technology in public service delivering reduces corruption risks because it reduces contacts between users and public servants. What is more, developed economies are efficient and transparent in economic transactions, because it is an essential component in markets operations. Corruption breaks such principles and can generate inefficiency and uncertainty in economic transactions (Andvig *et al.*, 2000).

Hence, multiple theoretical arguments have been constructed about effects and relationships between corruption and economic development. Tanzi (1998: 563) states that two factors may have had an impact on corruption in recent years: the growth of international trade and business and the economic changes that have taken place in many countries and especially in the economies in transition.

Based on regression analysis, Paldam (1999) and Treisman (2000) found that the most important observable fact for corruption is economic development measured by the GDP per capita. Such causal relationship is a dual situation, economic development reduces corruption and corruption reduces economic development - measured by GDP per capita- (Andvig *et al.*, 2000:83).

Consequently, empirical evidence showing that countries with high corruption levels have a low economic performance is overwhelming. Corruption obstructs economic development due to several factors like reduced domestic and international investment, inefficient public expenditure allocation and distorted expenditure in programmes for health, education, and infrastructure (Wei, 1998).

Mauro (1995) has showed, in his pioneer study about relationships between corruption and investment, evidence that corruption generates negative impacts in the investment ratio as a share of GDP; it means its rate of investment. Furthermore, Wei (1997) found relevant empirical evidence that corruption in receiving countries obstructs international investment.

Such evidences can conclude that corruption systematically reduces economic growth, specially related to investment rate. Although Wademan (1996) states that correlation between corruption and investment can be stronger in low corruption countries, but it can be weak in high corruption level countries such as some eastern Asia countries.

Empirical evidence shows that influence of corruption on GDP is higher considering GDP per capita than GDP itself (Andvig *et al.*, 2000). Moreover, Lambsdorff (1999a) states that if absence of corruption is an explaining factor for the level of GDP, then increases in GDP must be explained by changes (increasing or decreasing) in corruption levels.

Additionally, Lambsdorff (1999a) explored the correlation between the productivity of capital, with high impacts on GDP, and corruption. He found an important negative impact in 69 countries and concludes that, for instance, improving 6 points in the Transparency International's Perception Corruption Index can potentially signify an improvement of 20% in the GDP (Lambsdorff, 1999: 12).

Empirical evidence shows that one fundamental element for corruption is economic development. Hence, countries with high levels of corruption have a low economic performance. Corruption represents a serious obstacle to any country's development, it obstructs domestic and international investments, reduces trust in institutions and organisations, generates budgetary problems because reduces significant governmental income from taxation and tariffs.

Social development and corruption

Social development is development that is equitable, socially inclusive and therefore sustainable. It promotes local, national and global institutions that are responsive, accountable and inclusive and it empowers poor and vulnerable people to participate effectively in development processes (World Bank, 2003). Corruption affects multiple social development strategies by rooting social exclusion, lack of participation, lack of opportunities for establishing better life conditions and also it reduces trust and credibility in public institutions. Corruption affects to the entire society, but affects much more to the poorest people; it contributes to increase poverty and disparity. In the same way, it distorts public expenditure structure for education, health and infrastructure programmes.

Poverty reduction is a central objective in all development strategies because they consider policies oriented to resources allocation and income redistribution. This central objective can not be disassociated from the fact that corruption directly affects public programmes, which can potentially result in increasing social imbalances. Hence, corruption affects the entire society, mainly in those aspects relate to quality of life.

Corruption is firmly dependent on public tolerance to its continuation as well as dependent on social capability to react against such problem, corruption levels are no equal among several regions even inside the same country. This can signify a

heterogeneous regional development, a variety of both investment levels and potential for economic growth, which originates social tensions and imbalances in addition to its impacts on domestic economic system (World Bank, 2003).

Poor people is affected by corruption because it increases public services prices, reduces its quality, and impedes access to education, medical attention, water allocation, and other basic public services. Corruption also distorts relationships and trust in public personnel who is in charge of services, even doctors, teachers, or police. Poor people is indirectly affected because of the impacts of corruption on economic growth, inequity and because, in general terms, is an obstacle to reduce poverty. Rose-Ackerman (1997) states several forms by which poor people are affected by corruption, mainly because poor people will receive less social services, infrastructure investment will be diverted from projects for poor people, poor people can face bigger taxation or less services, and because their opportunity to escape from poverty through small enterprises is limited.

Gupta, Davoodi, and Alonso-Terme (1998) stated in their study of 37 countries that high and increasing corruption raises both poverty and income inequity measured by the Gini's coefficient. Furthermore, bigger inequity reduces economic development and, consequently, less opportunity to poverty reduction (UNDP, 1997).

Corruption distorts public resources and puts money away from education and health for poor people (Wei 1998). Mauro (1997) found evidence that corruption reduces public expenditure for education, likewise Tanzi and Davoodi (1997), using regression analysis and empirical evidence, found that corruption enlarges public investment although reduces its productivity too.

Corruption is one of the main obstacles for economic and social development in developing countries, because of its negative impacts on investment and resources allocation, as well as its additional economic costs to the more vulnerable sectors like the poorest people.

In sum, corruption and its negative effects are especially bigger in poorest people, who are regressively affected by economic problems, and are much more dependant on public services delivering and from governmental support. Thus, their payments linked to bribes are bigger in proportion to their income. Corruption distorts anti-poverty policies and programmes. Consequently, reducing corruption, poverty and inequity are correlated issues, mainly in developing countries.

Public management and corruption

Several factors contribute to success or failures in organizations; one is the organisational ability to adjust in its environment, mainly in terms of innovation. Administrative development helps to reach the objective of innovation in public sector. Administrative development as the capacity for improving abilities in order to make effective and efficient use of resources like personnel, financial, technology, and other (Israel, 1987). Administrative development has been considered as a

fundamental strategy in public sector reform oriented to improve governmental efficiency. Corruption is generally a problem in such changes. As a consequence, in several public sectors, administrative reforms and anticorruption policies are correlated.

Corruption and opacity distort policies, programmes and governmental performance. According to international organisations like the World Bank (2003), corruption reduces public administration effectiveness and distorts public expenditure; diverting resources from important sectors like health and education to some more manageable sectors. Thus, information plays a crucial role in public sector programmes, mainly because accuracy of information and the difficulty of attaining adequate information affect how programmes work, their level of accomplishment or effectiveness (Lane, 2000: 10).

Corruption reduces State capacity to obtain taxes, to implement coherent and rational development policies with groups and regions. A consequence of such problems is a reduction in its ability to transform society and economy according to the political priorities (Andvig *et al.*, 2000).

Because corruption distorts public policies implementation (Lambsdorff, 1999) objectives and goals are scarcely or not achieved, misusing public resources with high opportunity costs. In corrupt societies, government bureaucrats compete for positions of economic power and spend their time and energy in the pursuit of rents. This rent-seeking activity, in turn, affects the capacity of public institutions to provide services (Ali and Isse, 2003: 450). Furthermore, corruption affects itself the rule of law and diminish trust in State (World Bank, 2003).

On the other hand, administrative reforms are oriented to improve public sector performance. The World Bank (2001) considers that experiences in public administration reforms show that the three basic problems in State –inefficiency, ineffectiveness and corruption- must not be separated. A public administration with high performance levels is free of corruption, efficient and effective.

Rose-Ackerman (1997) states that systematic corruption is a symptom that State is performing inefficiently. Ineffective states can delay economic development. Hence, basic institutional reforms are required to increase transparency and accountability in public sector, and to ease organisation of independent groups of vigilance. However, new government organizations and officials often have the opportunity to create laws and regulations that enable them to become providers of additional required permits and licenses and charge for them accordingly (Shleifer and Vishny, 1993 :10). The impact of regulations in corruption is especially significant in developing countries (Tanzi, 1998).

There is no question that public or state enterprises have been a major source of corruption and especially of political corruption because they have occasionally been used to finance the activities of political parties and to provide jobs to the clientele of particular political groups (Tanzi, 1998: 563). As consequence, administrative

reforms must include both anticorruption policies and administrative development strategies oriented to reduce incentives for corruption, increase benefits for being honest, increase probability of detection and punishment, raise imposed sentences to corrupt public servants and, in general, reduce corruption opportunities (Rose-Ackerman, 1997).

With a better public administration performance, and when citizens perceive that public services are delivered with honesty and effectiveness, and that their fiscal contributions are generating benefits to the neighbourhood, it is common that their commitment with the political programme is strengthened (Pardo, 1995).

Corruption also diminishes public sector capabilities for efficient management of public resources. In countries with constant scarcity of resources, corruption became a serious obstacle for public sector efficiency. Corruption creates negative effects on public sector budget in addition to those related to lack of resources.

In sum, corruption affects both public sector management and reform. Actually corruption can impede any reform in public sector. Hence, any public sector reform without strategies for improving public transparency and honesty is potentially destined to fail, above all in those countries with relevant levels of corruption. Such reforms must be attached to those oriented to increase efficiency and effectiveness in public sector performance.

III. INSTITUTIONAL REFORMS IN THE MEXICAN PUBLIC SECTOR AND ANTICORRUPTION POLICIES: A THREE DECADE REVIEW

The Mexican Federal Public Administration (MFPA) has constantly changed since 1970s in a very dynamic way. Several models of governance and public management have been adopted and adapted. However, public sector reforms implemented in Mexico during the preceding thirty years are clear examples of problems for transferring models, which is frequently referred in literature (Ferlie *et al*, 1996; Dolowitz and Marsh, 1998; Minogue, 2000). In this section, there is a description of the most relevant institutional reforms oriented to improve transparency, performance and to reduce corruption problems as part of the MFPA reforms from 1970 to 2000.

As background, in the early seventies the ‘Administrative Reform Programme for the Federal Executive Branch 1971-1976’ was implemented. This programme correlated public sector performance to the prevailing economic policy oriented to state intervention in markets and industries.³ However, this programme did not accomplished the expected results because of the size and heterogeneous

³ Because of the interventionist and welfare policies plus the exponential demand for public services generated by the increasing population, Mexican public sector was constantly enlarged. Mexico’s population grew more than 4.5 times in 60 years, from 14.3 million people in 1920 to 66.8m. in 1980 (INEGI, 2003).

composition in public sector, deficient controls, and limited order in institutional (regulatory) and organisational structures.

This decade was broadly characterised by institutional reforms, outlining responsibilities, functions, objectives, and goals for every federal agency (Ministries and state-owned-enterprises or entities). Hence, fundamental new institutions were created like⁴: Federal Public Administration's Organic Law; Federal Law for Budget, Account and Public Expenditure; Public Debt Law; Federal Law for Public Procurement; Law for Public Works; and other. Such new institutions defined the primary control mechanisms for Federal Public Administration's organisational structure. They also established functions for the state-owned-enterprises and its operations under specific Ministries. This institutional framework integrates the basic anticorruption institutions in the MFPA.

Derived from such institutional changes, some agencies were also created as the Ministry of Programming and Budgeting that improved mechanisms of control, mainly in the management of economic and human resources.

During the eighties, public sector performance was marked by a redefinition of activities as a consequence of reducing State activity and increasing private sector participation in both markets and national economy. To reduce the economic role of public sector was a priority in government's agenda⁵. Therefore, the first 'Global Development Plan 1980-1982' and the 'National Development Plan 1983-1988' were related to this priority. Such programmes were designed under the new Law for Planning. Reduction of public expenditures (austerity), downsizing bureaucracy and its personnel, and privatisation were fundamental policies to achieve such redefinition of public sector route, and for facing problems related to fiscal crisis.

In this context, regulation (embedded deregulation) and bureaucratic control were two important measures. Along this decade, approximately 875 public enterprises were privatised⁶. These policies and actions contributed, in some way or another, to reduce potential risks of corruption in the management of public agencies and services, although the privatisation of such enterprises was also questioned by political groups, because of the lack of transparency.

Additionally, a 'Programme for Economic Deregulation' was implemented basically for improving regulation in several industries like telecommunications, communications and transportation, petrochemical, sanity, tourism, electric service, agriculture, etc. The strategy of deregulation pursued some pragmatic guidelines: i) to

⁴ This complete institutional framework was published in the Official Gazette on December 29, 1976.

⁵ Rebolledo (1994) noted that the development model oriented by expansion of Mexican State created a double problem: i) minimised its capacity to respond to fundamental responsibilities, and ii) because of the absence of social participation and responsibility in many issues, the growing and dominant bureaucracy created its own interests different from those of civil society.

⁶ 76% of public enterprises were sold from 1982 to 1990. In 1980 there were 903 public enterprises, 1,155 in 1982, 280 in 1990, and for 1993 there were 210 enterprises (Ugalde, 2000; 2000a). "In addition to privatisation or the selling of public enterprises, other alternatives were fusion, extinction, liquidation and transference. From 1982 to 1993, the Mexican state reduced its size in 977 entities and 51 were in process of separation from public sector" (Rogozinsky, 1994).

reduce norms and requirements with economic impacts, ii) to focus on the most advantageous deregulation or areas where regulation has negative impacts on economic activity; and iii) to reduce costs of monopolies in economy (Fernandez, 1994).

Institutional reforms in 1982 strengthened the mechanisms of control, transparency, public personnel management, and performance monitoring. Through fundamental reforms to the Federal Public Administration's Organic Law⁷, the Secretariat for Federal Comptrollership (Secogef) was created to simplify bureaucratic structures, monitor and control public expenditures and public personnel in MFPA⁸.

In parallel, the 'Programme for Renovating Social Morality' was implemented to impulse an honest, effective and efficient public administration, to increase participation of citizens and trust in authorities. Additionally, in Secogef was established the National System for Controlling and Evaluating Public Management.

Other relevant institutions were the first Public Servant's Duties Federal Law⁹ that established primary principles of accountability to public servants like the obligation of submitting their "assets declaration", as well as the State Entities Federal Law¹⁰, which has regulated organisation, functioning and control of state-owned-enterprises and other governmental entities. Operationally, the 'Programme for Administrative Simplification' was implemented in 1985 with the main purpose of reducing procedures, processes, regulation and formalities in public sector.

During the nineties, the macro-economic policy consolidated its orientation towards liberalisation and strengthening markets as optimum mechanism for resources allocation. As compensation, public sector enhanced mechanisms for social participation in public policies, mainly with the concept of "social comptrollership". This mechanism, considered as basic anticorruption policy, was oriented to monitor public works and public service delivering.

One institutional anticorruption reform was the improvement of 'Public Servant's Duties Federal Law'¹¹ to precise obligations, procedures and monetary amounts derived from punishing irregular conducts of public servants.

In the early 1990s, the 'General Programme for Simplification of the Federal Public Administration 1989-1994'¹² was implemented. The broad aims in this programme were delineated to empower citizens, deregulate public administration, build efficient institutions and strength social trust in government. Its objectives were oriented to:

⁷ Reforms published in the Official Gazette on December 24, 1982.

⁸ For example, the Interministerial Commission for Civil Service was created to put in order, co-ordinate and regulate public personnel policies.

⁹ Published in the Official Gazette on December 31, 1982.

¹⁰ Published in the Official Gazette on May 14, 1986.

¹¹ Last reform to the Law published in the Official Gazette on December 4, 1997.

¹² Published in the Official Gazette on February 9, 1989. This programme was accompanied by the 'Simplification and Structural Change in Public Services Programme 1989-1994'.

- Strengthen country's economic modernisation
- Impulse an administrative culture for improving efficiency and productivity in public management
- Fortify quality and transparency in public services
- Prevent and combat corruption
- Foster civil society's participation for improving trust in government
- Impulse public servant's performance based on honesty and efficacy

This programme had four main action guidelines: i) decentralise operations, ii) administrative deregulation, iii) reduction of times, procedures and requirements in formalities, and iv) to modernise systems for public attention.

A considerable programme oriented to reduce corruption risks was the 'Social Comptrollership Programme' also managed by the Secogef and oriented to involve civil society in the vigilance of public resources, acting like auditors for governmental actions and public service delivering. This mechanism was oriented to eliminate corruption practices (Vazquez, 1994).

During the federal administration 1994-2000, the implemented model for public sector reform was the 'Public Administration Modernisation Programme 1995-2000' (Promap), which was designed and implemented by Secodam (formerly Secogef)¹³.

The Promap's structure was basically justified because of population's demand for creating an accessible, modern and efficient public administration related to the increasing economic productivity and the national democratic advance (Secodam, 1995). Consequently, the Promap's policies were oriented to i) citizen's needs and interests, ii) respond with flexibility and opportunity to structural changes, iii) promote an efficient use of public resources, and iv) promote professional public servants.

The Promap established two main objectives to reform the MFPA:

- i. To transform the MFPA in an effective and efficient organization with strong culture of service in order to satisfy the social needs.
- ii. To combat both corruption and impunity through preventive actions and the steady and effective execution of corrective actions.

The Promap's structure was assembled by four sub-programmes, which constituted the main guidelines for public management reform:

1. Participation and attention to citizens. Oriented to increase the citizens participation in public policymaking to improve service delivering, transparency, and regulatory simplification.

¹³ Secogef changed its name to Secodam in 1995, which implied changes in its functions.

2. Administrative decentralisation. Oriented to strengthen federalism and decentralise functions for promoting regional development, improving public services, and reducing bureaucratic costs.
3. Public management measurement and evaluation. Oriented to strengthen accountability mechanisms through schemes of performance measurement and evaluation to guarantee honesty and transparency, as well as to make the population trust in honest, efficient and effective use of public resources.
4. To dignify, professionalize and improve public servant's ethics. Oriented to establish a civil service scheme to improve continuity in public personnel supporting a new public service culture based on ethical values like honesty, efficiency and dignity.

Although this programme observed several recommendations and guidelines from international agencies, like the Organisation for Economic Co-operation and Development, the World Bank, from the prevailing literature or international experiences like the 'National Performance Review' in the United States of America and the 'Citizens Charter Initiative' in the United Kingdom, its structure was not fully focused to face corruption problems with an holistic approach. In its place, the PROMAP was oriented to reform regulation, structures and procedures. It contained a heterogeneous vision to face corruption problems. Improvements to control systems were directly linked to general public sector performance reforms. At that time, corruption and opacity seemed not to be central problems in guidelines derived from international organisations or donors¹⁴.

The 'Regulatory Improvement Programme' was significant under the reforms achieved in this decade. Both the Ministry of Economy (Secofi) and Secodam worked together in this programme to reduce formalities and regulations and also to impulse transparency measures inside deregulatory actions.

This process was oriented to prevent corruption through simplifying procedures and formalities. The programme was basically oriented to facilitate interactions between public and private sectors, mainly in those obligations for economic agents (accomplishing regulations, procedures and formalities). In parallel, the participation of Secodam was oriented to: reduce discretion in regulations, give certainty to users of regulations, and also to generate inner adjustments in regulatory agencies (ministries and public entities).

Historical anticorruption policy in Mexico: A glance

Mexican public sector has been constantly changing from 1970s until today, basically in its institutional (regulatory) and organisational structures. Without a doubt, all the reform programmes have contributed to improve such structures in MFPA. However, and besides the fact that administrative changes have been central in thirty years of reforms, corruption and opacity have been two fundamental

¹⁴ Transparency International was formally launched in 1993. Immediately after or some time later, OECD, WB and other international organisations opened special sections to work on specific problems related to corruption and opacity in public sectors, mainly in those in transition economies.

problems and constraints in such changes. Both problems still affect Mexican public sector performance and trustworthiness.

Despite the fact that the 'Mexican model of public management' has followed multiple international trends (privatisation, reduction in public expenditures, regulatory reforms, administrative simplification, marketisation of services), its real improvements have strongly been constrained by domestic problems like centralisation, inefficiency, corruption, lack of resources, and a symbiotic connection with the political system. In consequence, the intricate nature of the MFPA has shaped and restricted the influence of external reform models, while it still keeps several of the same problems (Franco, 2001).

In consequence, even though the Mexican public sector reform programmes have been harmonious to world-wide tendencies and experiences, they have achieved marginal advances in relation to corruption and opacity problems¹⁵. Among several causes¹⁶ to explain the relatively low-impact of such programmes in tackling corruption and opacity problems are:

- Lack of an integral and complete vision. Multiple reform programmes in public sector have been considered as separated efforts. Conventionally, programmes for improving public services, bureaucratic structures and performance, regulation and formalities, e-technology in public management, or public personnel, have been considered as different from uncommon programmes for tackling corruption and improving transparency.
- Lack of wide-ranging commitment. Traditionally, the duty of facing corruption and opacity problems corresponded to the Ministry of Comptrollership, not including many implications to the other Ministries and federal entities.
- Lack of efficient mechanisms of evaluation. There has not been a bureaucratic culture for evaluating results of public sector performance and reforms.
- Prevalence of formal and legalistic schemes. Reform programmes were predominantly based on formal structures and reporting through formal formats and papers. Despite this legalistic basis, some policies and programmes had neither effective and clear regulation nor strong enforcement mechanisms.
- Limited participation of society in managing reform programmes.
- Slight evaluation from international organisations, where the scheme of ranking and comparing countries are important evaluations world-wide and also to foster reforms.

In addition, failures in implemented reform programmes can not be explained only because of the programmes' configuration, but also because other rationales such as: institutional and organisational weaknesses inside Mexican public sector; lack of a

¹⁵ Despite the multiple advances, tackling corruption or civil service reforms, are problematic issues because its own complexity (López, 1998; Rose-Ackerman, 1999; Méndez and Raich, 2000; Arellano and Guerrero, 2000; Guerrero, 2000; 2001).

¹⁶ Other problems like limited capacity of the State, excessive centralism, lack of mechanisms to evaluate performance, and the lack of a framework for the civil service, were recognised in national and international forums (Secodam, 1995; OECD, 1997a).

societal and bureaucratic culture oriented to refuse corruption in some governmental areas; short-run policies because of the six-year presidential term; public sector and political system extremely correlated without a civil service system causing unclear political considerations; informal rules and uncertainty; strong protectionism-based unions; permanent decreasing government resources, and other.

IV. BUILDING A TRANSPARENT AND HONEST GOVERNMENT IN MEXICO. INSTITUTIONAL REFORMS AND ANTICORRUPTION POLICY: A THREE YEARS REVIEW

“It must be remembered that there is nothing more difficult to plan, more doubtful of success, nor more dangerous to manage, than the creation of a new system. For the initiator has the enmity of all who would profit by the preservation of the old institutions and merely lukewarm defenders in those who would gain by the new ones”

Machiavelli

After more than seventy years of just one ruling party, since December 2000, there is a new ruling party in the Presidency of Mexico. The President of Mexico, Vicente Fox Quesada, entered into national government with high expectations and multiple demands for solving structural problems. One of the most important demands has been to tackle corruption and opacity in government.

Inside this context, political changes have strongly impacted on the MFPA's organisations, institutions and personnel. In fact, critical points to explain the change of ruling party in Mexico were the old and persistent criticisms to governmental corruption and inefficient operation of public services, as well as social demand for eliminating corruption and opacity in government.

As this paper states, the MFPA's anticorruption policy has historically been based on institutional and organisational reforms for public sector. The last three years have not been the exception because the current anticorruption policy in MFPA has implied a reorientation of most of previous actions. In principle, it has required to integrate all the improvement processes and efforts towards the anticorruption policy. In fact, existing Mexican public sector reform is now based on the anticorruption policy. Mexican case is a real example of NPM reforms oriented by transparency and anticorruption tasks.

Corruption in Mexico: A glance

In addition to the general impacts of corruption analysed in previous sections, corruption and opacity problems have, among other, the following impacts in Mexico.

Economic impact

Corruption and opacity¹⁷ shrink foreign investment. Because of the country's opacity level imposes additional costs to firms and enterprises in the way of "hidden taxes". In the case of Mexico, opacity supposes an additional 'tax' of 15% in charge to the utilities of enterprises (PricewaterhouseCoopers, 2002). This implies that, besides to the additional cost to existing private companies, some enterprises that potentially can be installed in Mexico will look for another country with less operating costs.

In addition, the opacity level also supposes that international investors will impose an additional cost for the interest rate applied to external debt. In the case of Mexico, such additional cost is about 3.08% according to this analysis (PricewaterhouseCoopers, 2002).

In addition, the World Bank holds that corruption costs approximately 9 per cent of Mexico's gross domestic product, exceeding the country's entire spending on education (Transparency International, 2003).

On the other hand, the Tecnológico de Monterrey (2002) identified that the enterprises in Mexico spend an average close to 13% of their revenue to influence in the content of new laws, policies and regulations, as well as extraordinary illegal payments to low-level public servants. A specific issue is governmental capacity, Rose-Ackerman (1999) states that weak and arbitrary aspects of the tax system in Mexico contributed to a poorly functioning public sector and inefficiencies in the private sector as well; basically it has severe impacts on Mexican economy in the early 1980s.

All these cases reflect that opacity and corruption problems impact on decreasing economic competitiveness that reduce national income and then are an obstacle for national development.

Social Impact

Corruption and opacity lessen society's trust in government. According to the study of Mexico's Transparency International, where more than 214 million acts of corruption were registered for an estimated value of 2.3 billion USD, those families reporting some bribes deviate about 6.9% of their resources to such expenditure and those extremely poor families, with a daily average income of about 4 US dollars, can spend about 13.9% of their total income (Transparencia, 2001). Because of corruption's regressive impact, such transfer of resources implies a reduction of potential familiar development, largely in those families with less income.

Such data have important implications in policies oriented to face poverty and inequity considering empirical evidence that corruption has negative impacts on income distribution, public services delivering an the possibility for increasing poverty.

¹⁷ Opacity refers to the lack of clear, formal and widely accepted practices (Pricewaterhousecoopers, 2002)

Impact on public management

A corruption diagnosis in the MFPA, executed during 2001 by the Mexican Federal Government, identified 2,000 critical areas (bureaucratic areas where corrupt acts exist, existed or can exist) in 205 federal agencies, where about 5,328 probably irregular behaviours, and 2,427 problems for improving such areas were identified. These data reflect that bad governmental performance generally means poor and imprecise public policies with high transaction costs to all participating agents in a country's development.

On the other hand, the G8 summit (G8, 2003), recently stated “transparency inhibits corruption and promotes good governance. Increased transparency of government revenue and expenditure flows, as well as strengthened enforcement efforts against bribery and corruption, will contribute to achieving these goals and to increasing integrity in government decision-making - thereby ensuring that resources, including development assistance, achieve their intended purposes”.

Anticorruption policy. What are the current problems?

Despite the achieved advances in the MFPA's anticorruption policy, Mexican society still has a negative and adverse perception about governmental performance and opacity. This situation is mainly justified because of problems related to corruption, opacity, discretionary decisionmaking, and the poor accountability culture which have endured in public sector. These problems have key impacts in the whole FPA's image and performance, which has implied to improve its institutions and agencies, mainly in aspects like operations, resources and performance results.

Such problematic scenario responds basically to the next reasons:

- A complex regulatory environment, with some risks for discretionary and subjective decisionmaking, with low-quality enforcement mechanisms
- Oversized bureaucratic structures reducing creativity and productivity in organisations, with diffuse missions and objectives, without results-oriented working processes and scarce added value to society, and limited evaluation mechanisms
- Human resources with unfavourable behaviour, without efficient incentives, with scarce technical and ethical capacities, which affects their performance
- Historical absence of governmental policies oriented to transparency, allowing society to know public sector's organisation, use of public resources, operations and performance results, as well as to society's participation in public management
- Control mechanisms and areas not oriented to prevention, detection, and research of corruption systems and acts, but oriented to verify regulation's execution. This situation has strengthened the corrective approach instead of the preventive one.

- Limited and bureaucratic-oriented technology, under autonomous and restricted schemes, without an integral vision

On the other hand, Mexican public sector, same as most of public sectors, faces credibility problems from its society. Some part of such credibility deficit related to transparency and honesty in government is due to the rooted culture in society where there a strong link between anticorruption policies and placing top-level public servants into prison. This popular perception is reflected in the phrase ‘frying big fishes’.

Of course, a programme oriented to achieve honesty and transparency in government must contain strategies and actions for punishing irregular activities. However, a fundamental component in this kind of programmes is related to strategies and actions oriented to consolidate institutional and organisational reforms in public sector with an focused and integral approach in order to reduce causes for corruption, not just solving emerging problems.

Integral anticorruption reforms: the Inter-ministerial Commission for Transparency and against Corruption in Federal Public Administration

Three days after entering into the Office, the very first public decision of the President of Mexico, Vicente Fox, was to publish a Presidential Agreement to create the Inter-ministerial Commission for Transparency and against Corruption in the Federal Public Administration (CITCC in Spanish)¹⁸.

Since its creation, the CITCC has been focused on breaking previous paradigm in the MFPA. Before CITCC, all the duties for tackling corruption and improving governmental transparency were responsibility (almost a monopoly) of the Ministry of Comptrollership, which actually was the only accountable agency in this subject. Today, the CITCC’s structure assumes that tackling corruption and improving governmental transparency is responsibility of every federal agency (18 Ministries, the General Attorney’s office, and more than 200 entities and state-owned enterprises)¹⁹.

This is the very first time that Mexico has a Commission for generating and coordinating anticorruption and transparency policies. The new institutional framework (the Agreement for creating the CITCC) has changed most of the long-established incentives, structures and performance in federal agencies within public sector. This new institutional framework, has numerous implications for MFPA, mainly in both organisational and agents structures.

This new governmental context derivates from the fact that transparency and tackling corruption are considered high-priority issues in the agendas for the President of Mexico and for every agency in the MFPA.

¹⁸ Published in the Official Gazette on December 4, 2000.

¹⁹ According to the official list of agencies in Mexican public sector published in the Official Gazette on August 15, 2002, there are about 230 federal agencies.

Furthermore, the CITCC implies an integral strategy for tackling corruption, not just because of the number of federal agencies working on this subject, but also because of the focus generated by the anticorruption policy itself. The CITCC's role is oriented to design and coordinate preventive strategies. However, Mexican anticorruption policy integrates both preventive and corrective measures and policies.

Hence, the CITCC is permanently integrated by the 18 Ministers of State, the General Attorney (PGR), the General Directors of the 10 most important departments and state-owned enterprises, upper-level staff from the President's office, and the Minister of Public Function (SFP) -formerly Secodam-²⁰, who is the Commission's President. The President of Mexico attends to all the CITCC's sessions.

The CITCC's sessions, where all the assistants (the President of Mexico, Ministers, General Directors and the General Attorney) discuss and propose measures, strategies, and actions, have become a mechanism for orienting and controlling multiple efforts in federal agencies. Nowadays, this operating structure allows reducing weak and heterogeneous efforts as well as the unilateral programmes or policies, which caused low-commitment and low results.

According to its creation Agreement, the CITCC's objective is to co-ordinate policies and actions to prevent and tackle corruption and to foster transparency in federal government. Furthermore, the CITCC has been oriented to accomplish several objectives, like the next:

- To establish guidelines and actions for all the MFPA in order to prevent corruption
- To analyze and promote reforms to strength regulatory instruments for effectively punishing corruption acts and deficient performance of public servants
- To create a public service culture based on ethical values for public servants, and
- To facilitate mechanisms to assure accountability and to publish information in every aspect of public management

Operationally, the CITCC's Executive Secretariat (SECITCC) is in charge of monitoring, co-ordinating, supporting and evaluating all programmes, strategies and actions implemented by each federal agency. In addition, this body is also in charge of coordinating CITCC's activities; to formulate special studies; to coordinate special groups of agencies and actors oriented to accomplish anticorruption measures and programmes, and others.

²⁰ Secodam changed its denomination to Ministry of Public Function on April 10, 2003 with the publication in the Official Gazette of several reforms to establish the Professional Career (civil) Service.

This new institutional framework implies that all the federal agencies have changed its inner structures because agencies have created specific areas in charge of anticorruption programmes. Such areas are permanently in touch with the CITCC's Executive Secretariat. Thus, there is a close work relationship between each agency and the CITCC's operating body. These 'anticorruption task groups' inside each agency are posted in the upper level, they have direct hierarchical relation to the Minister or General Director in order to keep this policy as a priority.

In addition to objectives and strategies established for the CITCC, 17 agreements have been established in the CITCC. Such agreements, generated during plenary sessions, are cross-institution (transverse) policies and refer to strategies that each federal agency must follow in order to:

1. Implement programmes for recognizing integrity of public servants
2. Implement a programme for improving internal (bureaucratic) regulation
3. Implement a 'simulated user' programme
4. Define bases for governmental procurement with external (non-governmental) participation
5. Make public the bases for procurements (basically on Internet)
6. Evaluate user's opinion and perception about agency's honesty and transparency
7. Publish public information in Internet
8. Generate electronic governmental procurement
9. Implement codes of conduct
10. Generate e-procedures and e-services
11. Make public on Internet the results of agency's anticorruption programme
12. Train public servants according to values
13. Select public servants according to ethical values
14. Select public servants according to rigorous (non-discretionary) mechanisms
15. Establish integrity agreements between public and private sector, mainly in economic transactions
16. Review salaries in critical areas
17. Establish and make public standards for public service delivering

In addition to the CITCC's agreements, the works in every agency are based on the "Operative Programmes for Transparency and Combat Corruption" (POTCC in Spanish). The POTCCs are the unique and specific programmes that each agency integrates according to its specific problems, nature and responsibilities. Each agency's anticorruption task group design and implement a POTCC with the support of the CITCC's Executive Secretariat.

The POTCCs are based on the analysis of critical processes inside agencies like public procurement, human resources management, public works, budgeting, regulation and inspection, justice management, services delivering, and other. There are analyses for each process's potential corruption problems. Consequently, specific actions and goals are established. During the first months of each year the POTCCs are constructed and every three months are evaluated by the CITCC

The quarterly evaluation is the base for reporting advances and results in every CITCC's plenary session, where all the permanent members make a review of each agency's scorecards. For this reason, among other, the CITCC has become the first and most important enforcement mechanism for anticorruption policies. After reviewing each agency's advances and problems, several agreements are made. It is important to recognize that the creation and operation of the CITCC have changed the 'rules of the game' in Mexican anticorruption policy.

Regarding the two main mechanisms for operating the anticorruption policy, the POTCCs and the CITCC's agreements, the Executive Secretariat designed in 2003 the 'Transparency Monitoring Index' (IST), which integrates both mechanisms and quarterly generates a grade for every agency. This index allows establishing a rank system among agencies, to detect problems in advances and to improve evaluation.

This index also has allowed establishing Presidential Goals in the strategy of Honest and Transparent Government inside the Presidential Agenda for Good Governance, which is described below.

New institutions for supporting the Mexican anticorruption policy

In order to consolidate anticorruption reforms in the MFPA, and additionally to the creation of the CITCC, multiple anticorruption and pro-transparency institutional reforms have been achieved. In fact, most of the main institutions (regulations) are including general criteria for transparency. Such institutional innovations and reforms are generating new structures of incentives and arrangements for agencies and agents inside federal government. Some of the most important institutional mechanisms are described below.

The National Programme against Corruption, for Transparency and Administrative Development

Resulting from the National Development Plan 2001-2006, the Mexican Federal Government implements the National Programme against Corruption, for Transparency and Administrative Development²¹. This is an integral programme against corruption. The most significant feature in this programme is the high value granted to preventive actions, based on deep reforms to culture, values, institutional and organisational reforms and not only to punish illegal behaviours.

Despite historical efforts, before this Administration, there were no integral strategies and policies for transparency and tackling corruption. The Mexican National Development Plan 2001-2006 states that "...Executive Branch will promote that all its ministries and entities use efficient and transparent practices in the use of resources, functions, and eliminate corruption. This, in order to reach good governance polices...", additionally, this Plan establish that one major commitment in Federal Government is to lower country's corruption level and to make transparent both performance and management in MFPA (Presidencia, 2001).

²¹ Published in the Official Gazette on April 22, 2002.

Thus, transparency and tackling corruption are two fundamental priorities and guidelines in the current public management.

This Programme has four main objectives:

1. To prevent and eliminate corruption and impunity practices and to foster improvements in public management's quality
2. To control and detect corruption practices
3. To penalize corruption and impunity practices
4. To generate a transparent public management and achieve participation of society

In order to achieve such objectives, several priorities are established in the Mexican Anticorruption Programme:

- To improve processes and public services in the MFPA
- To develop human resources in the MFPA
- To improve controls in MFPA –*i.e.* no more controls, but more efficient and oriented to accomplish missions and goals
- To punish public servants for illegal behaviour
- To improve both quality and transparency in public management
- To create links with society

All these objectives and priorities are operated through the actions performed by federal agencies in the POTCCs. Hence, every agency considers these general guidelines to design and implement actions in order to reduce corruption and opacity problems. Several areas in the SFP help agencies to accomplish such courses of action. Actually, the CITCC's takes accomplishment of such guidelines into account for evaluating advances in agencies.

In addition to the Presidential Agreement for creating the CITCC, and the National Programme against Corruption, for Transparency and Administrative Development, other institutional innovations have been achieved in Mexico. Two are the most important so far.

The Federal Law for Transparency and Access to Governmental Public Information

Special mention deserves the new Federal Law for Transparency and Access to Governmental Public Information²² (LFTAIPG in Spanish), unanimously approved by the Mexican Congress, is the most important institutional framework for building transparency in federal government. The objective of this Law is to guarantee that any person can access to the information in possession of Legislative, Executive and Judicial branches, autonomous agencies and any other federal agency.

²² Published in the Official Gazette on June 11, 2002.

This Law considers that all information is public, except information that is classified as reserved or confidential, under the Law's criteria. In order to accomplish the free access to information, the Law establishes two ways to access to public information: i) there are some 'transparency obligations', it means, basic information that must be on agencies' Internet homepages, like personnel, wages and salaries, agency's goals and objectives, auditing results, agency's structure, procedures and formalities, budgetary information, regulatory framework, and other; and ii) any person can request information to public sector through multiple areas (more than 200 in federal agencies) for public attention established order to receive and reply information requests. Such areas must answer in a limit period of 20 working days.

The processes for accessing to information inside government, established in the Law and its regulation, have created new operations inside federal agencies. And because the fact that any person can request whichever information to any agency, the historical way for managing and operating public sector are changing. Due to these new institutions, public sector reform is supported by transparent decision-making, procedures, and information. Actually, accountability is a major issue in MFPA.

The Law also created the Federal Institute for Access to Public Information, which is a federal agency with autonomous decision-making and responsible for enforcing the Law and its regulation, while managing and monitoring access to information through a special e-system on Internet called the 'System for Information Requests' (SISI in Spanish), that manages and registers all information requirements in every federal agency.

The Law was recently completed with its own Regulation²³, which specifies most issues inside the Law, specifically the multiple processes for accessing to public information, and the processes in case of negative for requests (procedures for reviewing the negative by which the Institute can reconsider the specific case of form any federal agency). Both institutional instruments generate the necessary institutional framework for accessing to information and, consequently, build a transparent government.

Taking these and other institutional innovations and reforms into account, Transparency International (2003) has stated "Mexico undoubtedly leads the region in the implementation of anti-corruption measures. Legislation passed during the last year broke a considerable degree of banking secrecy. Other laws concerned the execution of precautionary seizures in connection with officials suspected of involvement in corruption networks; provisions were also made for the investigation of accounts or goods registered under the names of relatives or third parties. The new law on the administrative responsibilities of public servants strengthens Mexico's national programme to combat corruption and extends the statute of limitations for punishing acts of corruption. Of equal importance is a new

²³ Published in the Official Gazette on June 11, 2003.

federal law on access to public information and the introduction of the Tramitanet and Declaranet e-government systems”.

The Law on Professional Career Service in the Federal Public Administration

A second important package of institutional reforms was oriented to create the Mexican Federal Civil Service (Servicio Profesional de Carrera in Spanish). Such reforms were integrated in the new Law on Professional Career Service in the Federal Public Administration²⁴. The objective of this new institutional framework is to establish foundations to organise, put in function and develop the Professional Career Service in Ministries attached to the MFPA. In addition, this Law will be the general guideline for establishing the Service in any other federal agency or entity.

The Law assumes that the Professional Career Service is a mechanism to guarantee equal opportunities in the admittance to public service, which will be based on merits and oriented to develop public function for benefiting society. The new System will be managed and directed by the SFP and operated by any federal Ministry

According to the Law, this Professional Service considers six subsystems relate to: entry, professional development, training and skills certification, performance assessment, separation, and control and evaluation. The subsystems are generally regulated under this Law, but its own specific Regulation will specify operations.

In addition to the future Law’s Regulation (which will be completed by November 2003), other institutions were changed in order to create the Professional Career Service, such as the Federal Public Administration’s Organic Law (to add functions to the SFP), the Planning Law (to generate the performance assessment and compensation system), and the Federal Law on Budget, Account and Public Expenditure (to generate the required incentives for the system).

This novel institutional framework will generate new dynamics inside federal public administration mainly in both performance and anticorruption preventive measurements.

The Federal Code of Ethics

In addition to the other institutional reforms, for the first time, MFPA’s public servants have an explicit and formal Code of Ethics²⁵. This Code establishes that public servants performance must be harmonious with the accomplishment of several principles, such as:

- Common welfare
- Integrity
- Honesty

²⁴ Published in the Official Gazette on April 10, 2003.

²⁵ Publisher in the Official Gazette on July 31, 2002.

- Impartiality
- Justice
- Transparency
- Accountability
- Respect for cultural and ecologic environment
- Generosity
- Equality
- Respect
- Leadership

Other institutional reforms and innovations

In addition to the institutional innovations and reforms oriented to strengthen the federal anticorruption policy, several reforms have been included in the Mexican public sector's institutional framework. Such reforms and innovations include sections of good governance, anticorruption and transparency for public sector, are listed below.

- The National Development Plan 2001-2006 (published: May 30, 2001)
- The Federal Law on Public Servant's Administrative Duties (published: March 13, 2002)
- The Agreement for publishing and make transparent the public sector's internal regulatory framework (published: December 6, 2002)
- The Federal Expenditure Budget (published: December 30, 2002)
- The Federal Income Law 2003 (published: December 30, 2002)
- The Regulatory Improvement Programme 2001-2006 (published: January 17, 2003)
- The National Programme for Justice Administration (published: April 22, 2002)
- The National Programme for Financing Development (published: September 30, 2002)
- The Law for Sustainable Rural Development (published: December 7, 2001)
- The Law on Added-Value Tax (published: January 1, 2002)
- The Law on Investment Corporations (published: June 4, 2001)

Informal institutions supporting anticorruption policy: the Presidential Agenda for Good Governance

One of the latest relevant events has been the link between the Mexican anticorruption policy and the Presidential Agenda for Good Governance (APBG in Spanish). This Agenda has been promoted by the President of Mexico, Vicente Fox Quesada, in multiple forums since November 2002, mainly with upper-level public servants.

The APBG is integrated by six strategies that, co-ordinately orient federal agencies to reach good governance goals. These six strategies are detailed in the table 1.

Table 1. *The Presidential Agenda for Good Governance's model: strategies and orientation*

STRATEGY	ORIENTATION
Government that cost less	To reduce expenditures without added value in order to offer higher benefits to society.
Quality government	To satisfy citizen's expectations in public services delivering
Professional government	To bring, motivate, develop and keep the best men and women as part of public service
Digital government	To make possible that any person can accomplish procedures and formalities and access to public services from their own houses or offices.
Deregulated government	To guarantee that citizens and public servants can accomplish procedures and formalities in easy and secure ways.
Honest and transparent government	To recover trust in Government

The fact that the Honest and Transparent Government strategy (GHT) is included in the APBG has several implications, but two of the most important are: i) to confirm the importance and priority of this policy for the President of Mexico as well as for the top-level public servants in the MFPA, and ii) the fact that the anticorruption policy is supported by this informal set of institutions, while anticorruption policy supports the APBG.

The APBG allows operating its six strategies directly with primary internal users of policies. Due to the APBG operates through several informal networks (without any specific regulation) inside public sector; the operators can participate in previous decision-making to implement a policy or guideline. Hence, policies and strategies included in the APBG have the necessary consensus before implementation.

The APBG is important to the President of Mexico and to all top level public servants; which makes easy its accomplishment by most of public servants. Most public servants know that the APBG is managed and monitored directly by the President. Despite the lack of formal regulation for the APBG's tasks, this Agenda

has been showing that informal institutions are imperative for achieving public sector reforms. This informality is strengthened by the real power of leaders in every strategy, and has achieved a new way to enforce general directions in both presidential goals and strategic goals.

Additionally, co-ordinated operation of these six strategies has allowed breaking with the traditional partial and narrow vision within public sector reform programmes. This also allows much more precision and focus in actions oriented to consolidate a good government. Finally, actions and achievements in the MFPA will be integrated in two important forums like the CITCC and the APBG. This twofold evaluation strengthens federal agencies' commitment for this policy.

Inside this context, since two years ago, a relevant evaluation mechanism for public sector performance has been the 'Presidential Goals System', which implies commitments made by the Ministries and general directors directly with the President. This system has included for 2003 several goals from each strategy in the APBG. Monitoring such system is part of the responsibilities in the President's Office for Governmental Innovation.

The strategy of Honest and Transparent Government established the 'index for monitoring transparency' (IST), which integrally evaluates the programmes for transparency and tackling corruption in each federal agency and the accomplishment of CITCC's agreements. Monitoring and evaluating this index and the respective presidential goals are responsibilities of the CITCC's Executive Secretariat.

In addition to this relevant index, presidential goals for Honest and Transparent Government also incorporated the federal agencies' commitments and duties for accomplishing with the new LFTAIPG, which is compulsory to the MFPA since June 12, 2003. This goal has allowed to agencies to put in order their information to satisfy generated expectations because of such new regulation.

Anticorruption policy in Mexico. Current achievements and future challenges

Anticorruption policy: current achievements

Doubtless, the creation of the CITCC is one of the most important pillars in the MFPA's Anticorruption Policy. This mechanism has been coordinating, enforcing and evaluating actions, agreements, programmes and strategies in Mexican public sector.

The CITCC's agreements and the agencies' operative anticorruption programmes, institutional and organizational reforms have been important courses of action for reducing problems of opacity and corruption in public sector. This integral vision has been creating some of the real structural reforms and innovations required for public administration in order to advance in this matter.

Despite several advances and achievements, problems, challenges, and obstacles are still constant. Problems related to public perception, inefficient regulations, strong negative culture and customs, are some examples of permanent problems inside public sector. (see table 2)

Table 2. Encouraging and restrictive factors in the Mexican anticorruption policy

Factors for success	Restrictive factors
<ul style="list-style-type: none"> • CITCC's performance • Transparency Law • Public Servant's responsibilities Law • Professional Career Service Law • CITCC's Agreements • Operative Programmes • APBG's structures and operation • TramitaNET (<i>e-government</i>) • CompraNET (<i>e-procurement</i>) • Codes of Conduct • Corruption measurement • Social participation 	<ul style="list-style-type: none"> • Inefficient and excessive regulation • Cultural resistance to change in bureaucracy • Credibility deficit • Technological negative gap • Groups of interest • Low salaries in critical areas • Low-quality evaluation of public management • Legislative and Judiciary powers are not included in changes

In 2003, the CITCC's Executive Secretariat is coordinating operative anticorruption programmes (POTCC) covering 157 federal agencies, where more than 700 irregular conducts and more than 500 risk areas are identified in federal agencies. Here, more than 2800 improvement actions are implemented in about 280 critical processes. Such improvement actions are oriented by the Anticorruption Programme and by the CITCC's agreements.

Due to the CITCC's agreements and because of actions in federal agencies, some of the general achievements during the last two years have been:

- From 2003, the MFPA's anticorruption policy will be the base for the Honest and Transparent Government strategy inside the Presidential Agenda for Good Governance in. This will support actions and commitment for this imperative policy.
- From 2003, results and achievements in every federal agency will be evaluated with the Transparency Monitoring Index (IST). This home-made index constitutes an accurate instrument to assess anticorruption policy, to establish goals in this subject and also for changing directions in some low-value actions and strategies.
- 45% of CITCC's agencies have defined bases for governmental procurement with external (non-governmental) participation, i.e. potential suppliers. In just

some procurements of five agencies (Pemex, CFE, Sectur, Sedesol and the SFP) using this mechanism, there were estimated savings for more than 200 million USD.

- 100% of the CITCC' agencies accomplished the 'Transparency Obligations' referred in the Transparency Federal Law, one year before such Law came into effect (June 12, 2003).
- 72% of the CITCC's agencies operate strict mechanisms to select public servants, such as ethical, values, and abilities assessments, polygraph and toxicological tests.
- 72% of the CITCC's agencies operate their own Code of Conduct. There are more than 90 federal agencies with code of conduct registered in MFPA
- More than 3800 electronic bids were made by the *Compranet* system (e-procurement), and more than one million of electronic procedures and formalities were accomplished by *Tramitanet* (e-procedures system).
- In corrective matter, more than 270 public servants were formally accused (penal procedures), more than 13,000 public servants were administratively penalized. Meanwhile, more than 400,000 complaints and accusations from citizens were attended

Anticorruption policy: current challenges

The federal government's anticorruption policy has had several advances and achievements on institutional and organisational reforms. However, there still exist multiple opportunity areas that should be attended in the short time in order to reaffirm the advances obtained so far. Some of the fundamental challenges are the following:

First. In order to solve corruption and opacity problems that affect one or more agencies in the MFPA, it is necessary to work on projects that generate solutions in a coordinated way with minimised costs and maximised benefits for all agencies.

Hence, the challenge for the CITCC is to approve the operation of inter-agencies groups called "Sub-commissions" to generate cross-agencies actions for sensible corruption issues such as: government procurement, public works, illegal-people contraband, documented smuggling, and other. This intensive coordination job will permit to strengthen the anticorruption policy through an integral approach and backing the works of federal agencies.

Second. One of the most relevant opportunity areas in the anticorruption policy is to communicate and to make public agencies' advances and achieved outcomes. Mexico's government and public management are constant and increasingly under national and international examination. This situation is strengthened with

important institutional achievements such as the Federal Law for Transparency and Access to Governmental Public Information. These judgments influence permanently other aspects such as the evaluation of risk-country, which is essential to determine the possible attraction of foreign investment to the country.

Because of corruption's nature, evaluations about this phenomenon and opacity are made according to public perceptions about such problems. A communication and publishing policy about public sector's results and achievements in such subjects would help to improve public perception. The real challenge is to modify social perception about federal government's performance and transparency.

Third. To consolidate institutional reforms. There is an advance on the most important legislative reforms that now allows Mexican public sector to have a Federal Law for Transparency, a new Law for public servants duties, and the institutional base for generating the Federal civil service. However, in near future one of the relevant challenges is to support institutional reforms in order to improve and strengthen justice administration for reducing impunity levels in government. Apart from its technical advantages, this reform should increase society's credibility in public institutions.

In this way, another parallel and major challenge is to improve the institutional framework that regulates public sector's operations as well as the framework that regulates agent's performance in economic or social activities, like citizens or entrepreneurs. As soon as an effective and efficient institutional (regulatory) framework is generated, corruption, transparency, discretionary, or inefficient risks affecting public sector, will be reduced.

Fourth: The MFPA is conscious that advances reached so far are not enough to get rid of corruption problems. Hence, it is required to consolidate an anticorruption policy that strategically incorporates actions related to electronic government, regulatory improvement, to make professional Mexican civil service and orient public sector to generate more results with less resources.

Fifth. To accomplish international recommendations on transparency and anticorruption issues. Mexican public sector performance and transparency is monitored and evaluated in a permanent manner by international organisations, as well as resulting from Mexico's government responsibilities generated by international agreements. Most of these evaluations include several federal agencies and even state and local governments.

Sixth. A specific challenge for the SFP is to support its several processes in an efficient way. Processes like auditing, attention to complaints and public servant's responsibilities, must be aligned to the new SFP's profile oriented to support administrative development (through transparency and civil service policies) instead of controlling and auditing without an integral approach. This new approach will support efforts to generate honest, transparent and efficient federal agencies. Inside

this vision, special consideration deserves the institutional structure to reduce corruption and opacity incentives.

Hence, it is also necessary to eliminate the traditional idea that to fight corruption and make a transparent public management is exclusive responsibility for the Ministry of Public Function (SFP). On the contrary, this is a shared responsibility of all agencies (federal, state, and local), public servants and every one in public and private sectors. Corruption problems affect the whole country, not only affects federal executive-branch agencies.

Besides the works in the opportunity areas described above, the CITCC's works together with the Honest and Transparent Government strategy in the APBG, it is fundamental that all the federal agencies operations will be oriented to reach expected results in the short and long terms.

In the short-term some of the challenges for federal agencies should be oriented to achieve, among other, the next goals:

- The MFPA implants multiple actions in all levels. It is expected that anticorruption strategies and actions defined for their operations will be fulfilled and they have positive impacts in society.
- The federal government's anticorruption policy generates benefits for society and for public servants in the construction of an honest and transparent government, which supports their commitment with public agencies and programmes.
- Federal agencies consider the National Anticorruption Programme as their own as well as a key programme to operate regarding their nature and problems.
- Federal agencies adopt a proactive leadership for solving their own problems, with a high impact on transparency and to fight corruption acts and irregular conducts.
- To develop a best anticorruption practices system in the MFPA. Such practices are currently generated by federal agencies and any agency can use it in order to reduce costs of experimenting new policies and to share experiences.

In the medium-long term the MFPA agencies' challenges must be oriented to:

- Consolidate integral anticorruption systems. Implemented actions and strategies in agencies should be part of integral anticorruption systems within the FPA.
- Consolidate a transparency culture. It is expected that society and public servants be permeated by governmental policies that allows them to know about actions, policies, strategies, advances and results in the fight against corruption and for transparency, and also to be aware of the important role

they can play. This would result in a better public perception about the status of Mexican government in these matters.

- Operate procedures, formalities and public services with efficiency and honesty. It is expected that all recurrent formalities and public services will work under systems that reduce corruption risks and be oriented to the users' necessities.
- Fortify intelligence systems to detect and reduce events and corruption networks. An important challenge is to develop plans and mechanisms for investigating networks and corruption events. This will generate actions for investigating specific areas and critical processes.
- To improve national and international corruption indexes. In addition to the expected results from anticorruption policies *per se*, it is important to improve Mexico's grades in both national and international corruption perception indexes. This necessity reveals the importance of working on strategies for obtaining better results in evaluations. It is important that such indexes reveal factual state of affairs and works on this matter inside Mexican public sector.

V. FINAL CONSIDERATIONS

This paper has explored the importance of institutional analysis in anticorruption policy as part of public sector reform process. Some final ideas are the next:

1. NPM's research agenda needs to be reinforced with institutional analysis in order to strength its potential as theory for explaining public sector reforms and also as set of tools for reforming public sector. Mainly to analyse and orient public sector reforms to long-term changes. This is also relevant because NPM's theoretical framework must be capable of explaining how changes are generated in public sector (considering institutional structures for incentives and agreements) and why some reforms fail while other succeed.
2. Because of the fact that both institutions and regulations can be considered as 'rules of the game', all regulatory reforms can be analysed as institutional reforms. Thus, it is important to develop a theory for bureaucratic regulation regarding both institutional issues and analysis.
3. NPM's research agenda needs to define a NPM reform model that considers issues related to corruption and opacity issues. The traditional NPM model has assumed such problems without consider that corruption and opacity matters, mainly in transition economies' public sectors.
4. The current MFPA's anticorruption policy has been generating the necessary institutional and organisational reforms in order to establish the long-term foundations, whereas it is also reducing the structure of rooted problems. For the

very first time, MFPA's anticorruption policy can be considered as integral. However, next steps will continue to strength institutional and agencies reforms. The Inter-ministerial Commission for Transparency and against Corruption in the Federal Public Administration has proved to be the central pillar of this policy.

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