

Chapter 3.

Cultivating a culture of integrity: Instilling integrity values and managing conflict-of-interest

While a rules-based approach is a necessary foundation of any public sector integrity system, this aspect alone is insufficient, since integrity values must be internalised by individuals and socialised in organisations to ultimately create a “culture of integrity” in government. This is an important shift that must be made in Mexico if new reforms are to succeed. This chapter presents a summary of proposals for improvement based on the analysis of the current Mexican policies for promoting ethics and managing conflict-of-interest situations in the public administration. The first section provides recommendations to strengthen the policy framework currently implemented by the Ministry of Public Administration (Secretaría de la Función Pública, SFP), i.e. the Ethics Code, the codes of conduct at the organisational level, the Integrity Rules, and the conflict-of-interest guidelines. Section two elaborates proposals on how to maximise the utility of declarations and ensure consistency across line ministries and organisations in verifying and auditing submissions. The third section examines how to better mainstream new policies throughout the administration, and more specifically into human resource management (HRM). The final section reflects on how Mexico could make the shift towards a culture of integrity by reinforcing its guidance on resolving ethical dilemmas and conflict-of-interest situations. Emphasis throughout the chapter is placed on the federal administration, with the understanding that as members of national anti-corruption systems (NACS), local integrity systems will follow suit at state and local levels. Therefore, many of the recommendations are applicable beyond the federal level.

Note: The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Introduction: Making the shift towards a values-based approach

Public integrity “refers to the consistent alignment of, and adherence to, shared values, principles and norms for upholding and prioritising the public interest in the public sector” (OECD, 2017). Fostering integrity therefore relates to encouraging desired behaviour over undesired behaviour, including – but not limited to – corrupt practices. Several approaches can be taken to create these desired behaviours, including a compliance/rules-based approach and a values-based approach. A compliance-based approach includes attention to prevention through establishing enforceable standards, often found in laws, regulations, and codes of conduct, as well as providing education, training, and counselling on these standards. This approach ultimately provides for a range of enforcement mechanisms based on the severity of the misconduct. A values-based approach is often aimed at inspiring integrity through raising awareness of ethics, public-sector values, and the public interest, and adherence to codes of ethics or guiding principles.

International experiences show that integrity policies are most successful when these two approaches are combined and well-balanced, with the exact relative importance, as well as the actual shape of both approaches, depending on the social, political and administrative context and on the history of the organisation concerned. Following interviews and focus groups with key government representatives, the review finds that a better balance must be struck in Mexico to create a “culture of integrity”, shifting away from an overwhelming rules-based approach. As such, this chapter examines how Mexico’s federal public sector could strive towards cultivating a culture of integrity by reinforcing its current rules-based approach at the same time as promoting a greater internalisation of values and ethical behaviour founded on intrinsic motivation.

There are four new initiatives directly or indirectly concerning the conduct of public officials and the promotion of public ethics figures in the new Mexican agenda:

1. The Ethics Code, the code of conduct, and the Integrity Rules (*Código de Ética, Código de Conducta y Reglas de Integridad*), with federal ministries and entities required to update their own codes according to the functions of each one.
2. The creation within the Ministry of Public Administration (SFP) of a Specialised Ethics and Conflict of Interest Prevention Unit (*Unidad Especializada en Ética y Prevención de Conflictos de Interés*, UEEPCI).
3. The implementation at the entity level of Ethics and Conflict-of-interest Prevention Committees (*Comités de Ética y de Prevención de Conflictos de Interés*, CEPCI).
4. The implementation of new policies concerning asset declarations and conflict of interest as per the General Law on Administrative Responsibilities (*Ley General de Responsabilidades Administrativas*, LGRA).

These initiatives will be described in detail in the chapter with a view to supporting more effective and consistent implementation throughout the Mexican public sector.

Strengthening the legal and policy framework for managing ethics and conflict-of-interest

The SFP’s new Ethics Code, Code of Conduct and Integrity Rules provide a comprehensive legal framework for all public officials at the federal level; however, Mexico could consider streamlining the Ethics Code and providing complementary guidance in plain language.

Public sector ethic codes articulate the boundaries and expectations of behaviour. They should clearly outline the core values associated with being a public official and provide clear markers as to what behaviour is expected and prohibited. Of particular importance is a definition of what constitutes a conflict-of-interest, and the provision of guidance to public officials in such situations. Realistic knowledge on what circumstances and relationships can lead to a conflict-of-interest situation should provide the basis for the development of a regulatory framework to manage conflict-of-interest situations in a coherent and consistent approach across the public sector. Of key importance is the understanding and recognition that interests are inevitable for all; and this is something that cannot be forbidden, but rather must be properly identified and managed.

Conceptually, a distinction usually refers to both the contents of a code and the way in which it is enforced (OECD, 2009a):

- A “code of conduct” is a typical instrument of a rules-based approach to integrity management. It starts from the assumption that people are essentially self-interested and that they will only behave with integrity when this coincides with their self-interest. Hence, a preferably detailed code of conduct will describe, as specifically and unambiguously as possible, which behaviour is expected. Such a code of conduct will also establish strict procedures to enforce the code, with systematic monitoring and strict punishment of those who break the rules.
- A “code of ethics” is rooted in the values-based approach. It focuses on general values, rather than on specific guidelines for behaviour, thus putting more trust in the organisational members’ capacities for independent moral reasoning. Rather than telling what to do, the organisation provides its members with a general framework that identifies the general values and provides support, training and coaching for the application of these values in daily real-life situations.

In general, most codes find themselves somewhere between both conditions, and may therefore choose a hybrid. This is also the case for the Mexican approach that involves both general principles and values, and a set of desired and undesired behaviours (Box 3.1). Recently, the federal Government of Mexico has replaced its previous ethics code (*Código de Ética de la Administración Pública Federal*, DOF 31/julio/2002) and Integrity Rules (*Lineamientos de integridad y comportamiento ético, a través de Comités de Ética*, DOF 6/marzo/2012) with the new Ethics Code and Rules of Integrity (*Código de Ética y Reglas de Integridad*, DOF 20/08/2015). All public entities at the federal level are required to update their own organisations’ codes accordingly. Even though the new Ethics Code does not explicitly define its scope, it seems clear that, in line with Article 108 of the Political Constitution and Article 16 and 49 of the forthcoming General Law on Administrative Responsibilities (LGRA), the Ethics Code is applicable to all public officials.

Box 3.1. The new Mexican Ethics Code and Rules of Integrity

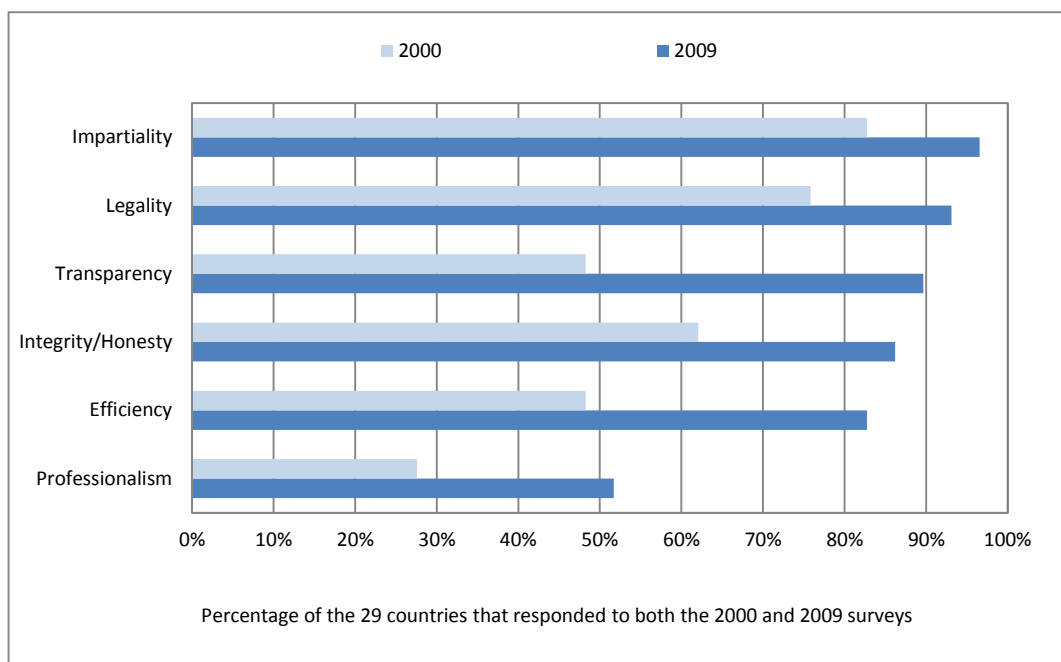
The Mexican Ethics Code follows the constitutionally defined principles of legality, honesty, loyalty, impartiality, and efficiency, as well as a set of additional values, which are: public interest, respect, respect for human rights, equality and non-discrimination, gender equity, culture and environment, integrity, co-operation, leadership, transparency, and accountability.

The Integrity Rules in turn, are aimed at complementing the Ethics Code by setting specific desired and undesired conducts in 13 specific domains:

1. Public behaviour
2. Public information
3. Public contracting, licensing, permits, authorisations and concessions
4. Governmental programmes
5. Public procedures and services
6. Human resources
7. Administration of public properties
8. Evaluation processes
9. Internal control
10. Administrative procedures
11. Permanent performance with integrity
12. Co-operation with integrity.
13. Decent behaviour.

Source: Ministry of Public Administration Ethics Code and Rules of Integrity, February 2017, www.gob.mx/cms/uploads/attachment/file/188655/ReglasdeIntegridadParaEjercicioFuncionPublica.pdf

While updating these two instruments was a bold step forward, it was noted during the review that greater clarity could be achieved around these new standards. Figure 3.1 displays frequently stated core values of the public service in OECD countries, showing a high degree of consistency with the core principles contained in the Mexican constitution. However, streamlining the code by reducing the number of values listed could enhance clarity and avoid confusion amongst public servants. The values of respect, respect for human rights, equality and non-discrimination and gender equality outlined in the additional values introduced by the Mexican code seem to be both repetitive and could be directly derived from the constitutional value of impartiality. Also, the value of public interest is already included in the definition of the constitutional value of loyalty, i.e. to always satisfy the general interest, and there seems to be an overlap between the additional value of integrity and the constitutional values of legality and honesty. Therefore, Mexico could consider narrowing down the additional values laid out in Article 1 of the Ethics Code.

Figure 3.1. Frequently stated core public service values (2000 and 2009)

Note: Time series data are not available for the Slovak Republic.

Source: OECD (2009b), *Government at a Glance 2009*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264075061-en>.

The 13 domains of the Integrity Rules, which are explicitly not meant to be exhaustive, are helpful to better understand what is concretely expected from public officials in specific situations considered as risk areas. Nevertheless, as a guide it might be too brief and lack concrete examples or situations; at the same time the list may be too long for an Ethics Code.

Therefore, the SFP may wish to consider removing the Integrity Rules from the Ethics Code and developing, based and building on these rules, a more comprehensive manual or guide in plain language and with sets of examples for the federal public administration and for public officials at all levels. In elaborating this manual or guide, Mexico could consider international good practice, such as from Australia, where guidance is provided on managing challenging ethical situations that arise in practice (Box 3.2).

Box 3.2. Guiding public officials in facing ethical dilemmas in Australia

The Australian Government developed and implemented strategies to enhance ethics and accountability in the Australian Public Service (APS), such as the Lobbyists Code of Conduct, the register of “third parties”, the Ministerial Advisers’ Code, and the work on whistleblowing and freedom of information.

To support the implementation of the ethics and integrity regime, the Australian Public Service Commission has enhanced its guidance on APS values and code of conduct issues. This includes integrating ethics training into learning and development activities at all levels.

To help public servants in their decision-making process when facing ethical dilemmas and choices, the Australian Public Service Commission developed a decision-making model. The model follows the acronym “reflect”:

REFLECT:

1. REcognise a potential issue or problem

Public officials should ask themselves:

- Do I have a gut feeling that something is not right or that this is a risky situation?
- Is this a right vs right or a right vs wrong issue?
- Recognise the situation as one that involves tensions between APS Values or the APS and their personal values.

2. Find relevant information

- What was the trigger and circumstances?
- Identify the relevant legislation, guidance, policies (APS-wide and agency-specific).
- Identify the rights and responsibilities of relevant stakeholders.
- Identify any precedent decisions.

3. Linger at the “fork in the road”

- Talk it through, use intuition (emotional intelligence and rational processes), analysis, listen and reflect.

4. Evaluate the options

- Discard unrealistic options.
- Apply the accountability test: public scrutiny, independent review.
- Be able to explain your reasons/decision.

5. Come to a decision

- Come to a decision, act on it and make a record if necessary.

6. Take time to reflect

- How did it turn out for all concerned?
- Learn from your decision.
- If you had to do it all over again, would you do it differently?

Source: Office of the Merit Protection Commissioner, “Ethical Decision Making” (2009); <http://www.apsc.gov.au/publications-and-media/current-publications/values-and-conduct>.

To ensure the credibility and legitimacy of public sector values, Mexico should guarantee that breaches of the Ethics Code and of the Rules of Integrity are effectively sanctioned under the General Law on Administrative Responsibility.

When stipulating desired and undesired behaviour, it is important that public servants have clarity regarding what happens in case of violations. Violations of the Ethics Code and the Rules on Integrity, and possible sanctions, should be both clear and effectively communicated.

With the General Law on Administrative Responsibilities (LGRA), which will enter force in July 2017, Mexico made a positive step towards ensuring that the Ethics Code and the Integrity Rules are supported by an enforcement mechanism. Articles 16 and 49 clearly lay out the liability for sanctions under the Code of Ethics.

To ensure that sanctions are effectively applied, it will be of utmost importance to ensure that the organisational codes of conduct are drafted in a way that clearly lay out their link to the Ethics Code and the LGRA. Public officials must be aware of the responsibilities that come with their code of conduct. Administered sanctions in relation with the Ethics Code and the Integrity Rules, and the organisational codes of conduct, should be reported to the Ethics Unit of SFP to be analysed, publicised and to ensure that sanctions are adequate and consistent throughout ministries and entities.

Such steps would be relevant since effective control and visible sanctions are important to generate credibility. An overview of what characterises successful codes in the private sector concludes that blatant impunity of violations of codes can generate cynicism and may lead to a culture of corruption in an organisation (Stevens, 2008).

The SFP's new Guidelines on Preventing and Managing Conflict of Interest address a previous policy gap, and Mexico should therefore ensure that they are revised considering the General Law on Administrative Responsibility, and are disseminated and used effectively.

Ensuring that conflicts of interest are identified and managed adequately is one of the first steps towards safeguarding integrity and trust in the public sector. The growing synergies between the public and private sectors have meant greater opportunities for horizontal movement and ancillary work. This has raised the possibility of conflicts of interest between public duties and private interests, and may be detrimental to employer/employee confidence. To ensure a public service based on integrity, a strong culture of ethical behaviour, facilitated through an ethics law or code, is imperative and operates as the backbone to managing conflict-of-interest situations. Managing conflict of interest is an inherent part of the wider ethics framework and intrinsic to the integrity of government.

In June 2016, the newly created Specialised Ethics and Conflict of Interest Prevention Unit (UEEPCI) in the SFP issued a guide to identify and prevent conduct that could constitute a conflict of interest for public officials: the Guidelines on Preventing and Managing Conflict of Interest (*Guía para identificar y prevenir conductas que puedan constituir conflictos de interés de los servidores públicos*). This guide is an important step forward, considering that during the workshops carried out in Mexico in the context of this review, experts from the Mexican public administration noted a lack of clarity regarding the concept of conflict of interest. Up until these guidelines, the only reference to procedures for managing a conflict of interest was in the Federal Law on Responsibilities, which stipulated that managers should be notified.

The new guidelines are based on international standards and good practices, but will need to be updated according to the forthcoming LGRA. The SFP should ensure that the guidelines become a living document that is regularly updated and effectively disseminated and used throughout the public administration (see recommendations below in the section on building a culture of integrity).

Box 3.3. The difference between a principles-based versus rules-based approach to conflict-of-interest management

	Principles-based approach e.g. United Kingdom	Rules-based approach e.g. United States
Responsibility	Dispersed across government.	Office of Government Ethics.
Authority	No specific conflict of interest legislation. Local guidance. Companies Act applies to directors. Management code specifies some "rules".	Enforceable conflict-of-interest prohibitions defined in statute with criminal or civil penalties.
Other standards	Behavioural and ethical standards defined in codes of conduct and "Nolan principles".	Civil restrictions for certain outside activities. Administrative standards of conduct.
Disclosure requirements	Devolved, voluntary disclosure system for civil servants. MPs' financial interests are declared and published. Information on senior civil servants and ministerial hospitality, gifts, travel and external meetings is published.	Central mandatory financial disclosure systems: Public reporting is required for all senior officials. Other employees make confidential financial disclosures.

Sources: National Audit Office (2015), Conflicts of Interest: Report by the Comptroller and Auditor General, National Audit Office, London, www.nao.org.uk/wp-content/uploads/2015/01/Conflicts-of-interest.pdf.

US Office of Government Ethics (accessed 2016), available at: www.oge.gov/web/oge.nsf/Financial%20Conflicts%20of%20Interest.

OECD (2004), "The Experiences of OECD Countries", in Managing Conflict of Interest in the Public Service: OECD Guidelines and Country Experiences, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264104938-4-en>.

Maximising the utility of tax, asset and interest declarations without adversely affecting the engagement of public servants

The new General Law on Administrative Responsibilities has brought Mexico in line with (and even beyond) disclosure requirements in OECD member and partner countries, with the goal of restoring citizens' trust in government. Going forward, however, the Co-ordination Committee must clearly communicate that the onus remains on individual officials and managers to proactively report and resolve conflict-of-interest situations as they arise.

Mexico's new General Law on Administrative Responsibilities contains provisions related to the disclosure of both financial and non-financial interests. Specifically, Chapter 3 of the law, which will come into effect in July 2017, requires that all public officials submit three types of disclosure form: tax, asset and interest (see Table 3.1

below). Disclosures should pertain to the public official in question (the “*declarante*”), as well as to the official’s immediate family members (spouse or common-law partner, and any of the official’s dependents). As stated in Chapter 2, all three declaration forms are required to be published, to some extent, on the NACS digital platform. The Co-ordination Committee is charged with determining, according to national transparency and privacy laws, the extent of the information to be made publicly available. Internal control bodies in individual line ministries and organisations will be responsible for collecting and assessing the information collected via the three forms. The LGRA requires that tax authorities co-operate with internal control bodies to provide proof of the filed tax declaration.

Currently, Articles 35 and 47 the LGRA provide a general description of the specific information that should be disclosed in asset and interest declarations, however, it delegates authority for the design of the forms to the NACS Co-ordination Committee. Tax authorities continue to be responsible for tax declaration forms, as per Mexican tax law. Although the detailed format to be adopted for the forms remains to be seen, it is anticipated that the Co-ordination Committee may choose to mirror the recently updated guidelines established by the Ministry of Public Administration for federal public servants following a 2015 Ministerial Order on the format of declarations (*ACUERDO por el que se dan a conocer los formatos que deberán utilizarse para presentar las declaraciones de situación patrimonial* *DOF April 29, 2015*). Since May 2015, before the NACS was formally approved, federal public servants have been subject to the standards indicated below in Table 3.1. As of July 2017, however, these same federal public servants will be required to follow the guidelines established by the NACS Co-ordination Committee.

Table 3.1. Summary of disclosure requirements under the LGRA and the Ministerial Order of SFP

Disclosure form	LGRA requirements for all public officials (to come into effect July 2017)	Current practice for federal public servants as per SFP guidelines (Ministerial Order of May 2015)
Asset declaration (<i>declaración de situación patrimonial</i>)	Article 33 of the LGRA requires public officials to submit the declaration: 1) upon joining the public service for the first time or re-joining if more than 60 days have passed since having left (<i>declaración inicial</i>); 2) in May of each year to report any modifications (<i>declaración de modificación patrimonial</i>); and 3) within 60 days of leaving the public service (<i>declaración de conclusión</i>).	Currently, the declarations for federal public officials, in addition to basic information such as address, education, and past work experience, require disclosure of income, fixed and non-fixed assets including property, real estate, construction, vehicles, jewellery and other valuables, investments, and debts.
Interest declaration (<i>declaración de intereses</i>)	Interest declarations must be filed according to the same conditions as asset declarations and require information on any potential conflict of interest (defined in the LGRA’s Article 3 as “the possible effect of personal, family or business interests on the impartial and objective performance of public servants”).	Interest declaration forms require disclosure of any paid or non-paid outside positions, as well as membership in foundations or voluntary associations. The form also requests submissions of shareholdings as well as any contracts which bring (or may bring) revenues.

Table 3.1. Summary of disclosure requirements under the LGRA and the Ministerial Order of SFP (cont.)

Disclosure form	LGRA requirements for all public officials (to come into effect July 2017)	Current practice for federal public servants as per SFP guidelines (Ministerial Order of May 2015)
Tax declaration (<i>delcaración anual de impuestos</i>)	Officials are required to submit their annual tax declarations to the tax administration body (<i>Servicio de Administración Tributaria, SAT</i>), which functions under the auspices of the Ministry of Finance (<i>Secretaría de Hacienda y Crédito Público</i>). Article 27 of the LGRA requires tax authorities to publish annual tax declarations of public officials.	Until now, federal public servants have not been required to share tax declarations.

Source: OECD as per LGRA, Acuerdo of May 2015, and SFP (declaration forms for 2015). *ACUERDO por el que se dan a conocer los formatos que deberán utilizarse para presentar las declaraciones de situación patrimonial DOF April 29, 2015.*

Assuming that the Co-ordination Committee adopts the same level of detail as the 2015 SFP criteria, the type of information requested from Mexican public officials, along with the subsequent levels of transparency, is generally in line with the information requested in other member and partner countries. For comparison purposes, Box 3.4 provides a summary of common information requirements in OECD member and partner countries. Specifically, the receipt of gifts can lead to conflict-of-interest situations, with research showing that even gifts of low monetary value can incite pressure to reciprocate and may therefore influence an officials' objectivity. Currently, accumulated over a year, public officials are not allowed to receive gifts exceeding the value of ten minimum salaries in total. If they receive gifts exceeding such a value, they have a maximum of 15 days to inform the authorities (Article 45 LGRA). Public officials should be guided with respect to the specific channels and procedures for reporting gifts. Annex 3.1 contains OECD standards for reporting on gifts which could be considered in the design of such a policy. With the new LGRA, gifts are prohibited (Article 52 LGRA). This commendable change will require enhanced efforts in awareness raising to ensure that all public officials are aware of the new regulation.

Box 3.4. Common financial and non-financial disclosures in OECD countries

Generally, the following types of information are required to be disclosed in OECD member and partner countries. As in Mexico, these can include financial and non-financial interests:

Financial interests

Reporting of financial interests can permit for the monitoring of wealth accumulation over time and the detection of illicit enrichment. Financial information can also help to identify conflict of interest situations.

- **Income:** officials in OECD countries are commonly asked to report income amounts as well as the source and type (i.e. salaries, fees, interest, dividends, revenue from sale or lease of property, inheritance, hospitalities, travel paid). The exact requirements of income reporting may vary, and public officials may only be required to report income above a certain threshold. The rationale for disclosing income is to indicate potential sources of undue influence (i.e. from outside employment), as well as to monitor over time increases in income that could stem from illicit enrichment. In countries where public officials' salaries are low, this is of particular concern.

Box 3.4. Common financial and non-financial disclosures in OECD countries*(cont.)*

- **Gifts:** gifts can be considered a type of income or asset, however, since they are generally minor in value, countries usually only require the reporting of gifts above a certain threshold, although there are exceptions.
- **Assets:** a wide variety of assets are subject to declaration across OECD countries, including: savings, shareholdings and other securities, property, real estate, savings, vehicles/vessels, valuable antiques and art. Reporting of assets permits for comparison with income data in order to assess whether changes in wealth are due to declared legitimate income. However, accurately reporting on the value of assets can be a challenge in some circumstances and difficult to validate. Furthermore, some countries make the distinction between owned assets and those in use (i.e. a house or lodging that has been lent but is not owned).
- **Other financial interests:** in addition to income, gifts and assets, additional financial interests to declare often include: debts, loans, guarantees, insurances, agreements which may result in future income, and pension schemes. When such interests amount to significant values, they can potentially lead to conflict-of-interest situations.

Non-financial interests

While monitoring non-financial interests may not contribute to monitoring for illicit enrichment, they can nonetheless also lead to conflict-of-interest situations. As such, many countries request disclosure of:

- **Previous employment:** relationships or information acquired from past employment could unduly influence public officials' duties in their current post. For instance if the officials' past firm applied for a public procurement tender where the public official had a say in the process, his/her past position could be considered a conflict of interest.
- **Current non-remunerated positions:** board or foundation membership or active membership in political party activities could similarly affect public officials' duties. Even voluntary work could be considered to influence duties in certain situations.

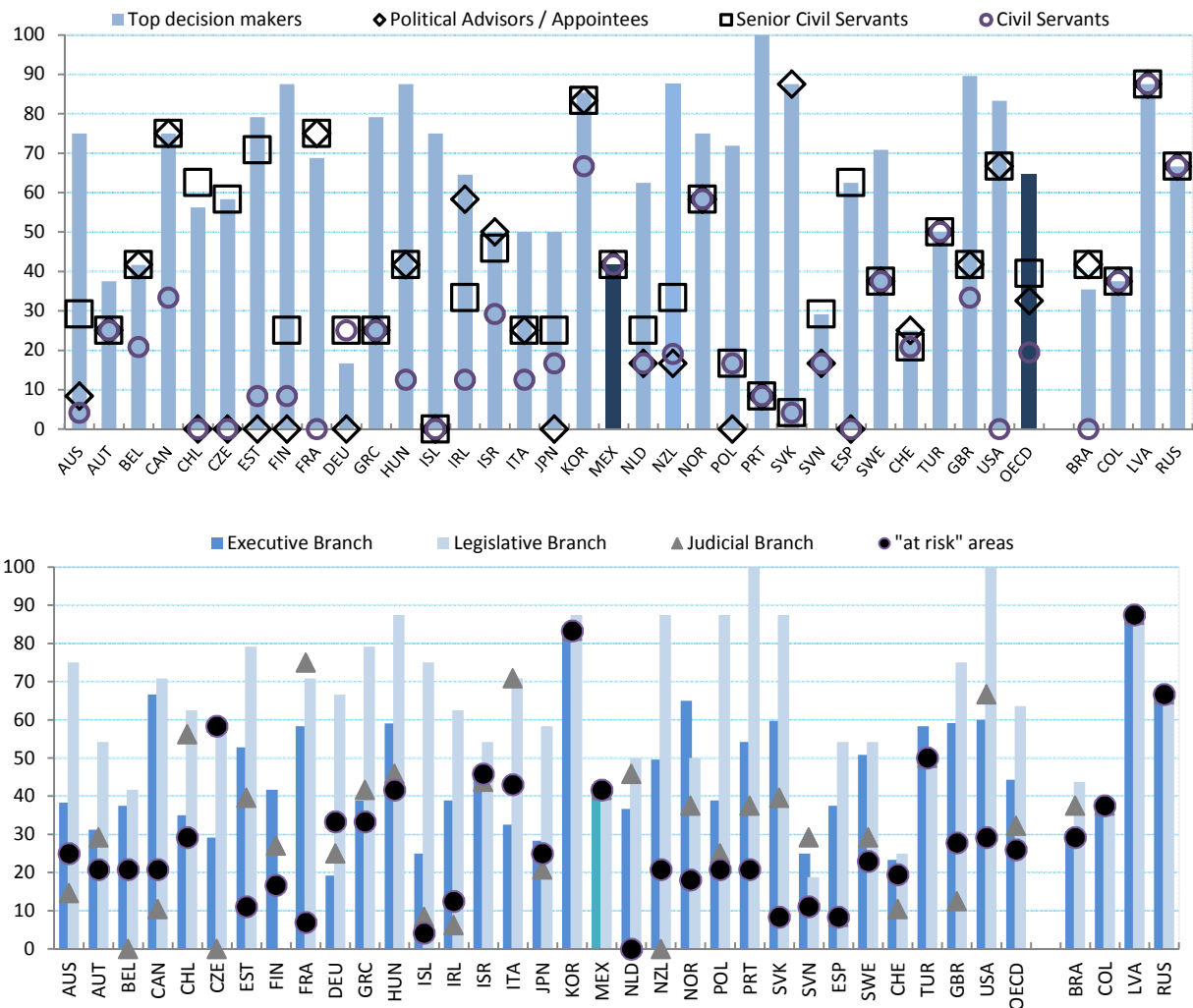
Source: OECD (2011) *Asset Declarations for Public Officials: A Tool to Prevent Corruption*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264095281-en>.

Mexico's new policies under the LGRA and 2015 order mark a considerable change from past approaches, where the scope of coverage (both in terms of officials and information) was lower and transparency was more limited. Under the LGRA, the scope of coverage has increased to all levels of government, and to public officials in all three branches of government: the executive, judiciary and legislative. The coverage has also increased given that information for officials' immediate family members is now required. The extent of transparency has also increased, as before the LGRA and SFP order, disclosures were not required to be made publicly available or were voluntary at the discretion of the public official.

In principle, such changes can serve to build greater trust in government by citizens, since the act of public disclosure is a signal to citizens that public sector officials are committed to protecting the public interest and are open to public scrutiny and oversight. If information is accurate and effectively validated, it should allow for the better monitoring of officials' wealth and detection of potential conflict-of-interest situations and illicit enrichment.

It should be noted that the new requirements in Mexico may supersede those of other OECD member countries. The OECD produces an index charting disclosures across member countries specifically looking at disclosure and reporting of assets, liabilities, income source and amount, paid and unpaid outside positions, gifts and previous employment (Figure 3.2). Higher index scores reflect more stringent disclosure requirements and a greater availability of information to the public (i.e. levels of transparency). On average in the OECD, data show that the top decision makers (president/prime minister, ministers), as well as senior civil servants, tend to have greater disclosure obligations. Civil servants often have relatively less stringent requirements. This trend is also reflected when data is analysed by branch of government: legislative branch requirements tend to be greater than those of the executive or judiciary.

Figure 3.2. Disclosure in executive branch of government by position, and disclosure comparison across branches of government 2014



Notes: The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Score for Mexico reflects 2014 legislation and has not been adjusted given new reforms.

Source: OECD (2015), *Government at a Glance 2015*, OECD Publishing, Paris, http://dx.doi.org/10.1787/gov_glance-2015-en.

There are arguments in favour of differentiating reporting requirements for political and senior level civil servants. The first is that elected officials are expected to be more transparent so that citizens may make more informed choices when voting in elections. Furthermore, once elected, such information may be necessary to assess any interests that may influence parliamentarians' arguments or voting decisions in the Congress. It could also be argued that, given their decision-making powers, elected officials and senior civil servants are more influential and are at greater risk of capture or corruption. The next section assesses other high-risk factors that may warrant greater attention for declarations.

In Mexico, requirements for all levels of government are universal. This calls into question whether requirements under the new LGRA are following a risk-based approach and are perhaps overly burdensome on officials, as well as whether this can have potentially detrimental effects on the morale of some public servants. During interviews, many highlighted the privacy and security concerns of releasing such information. Moreover, it was interpreted by some officials as creating an organisational culture whereby public servants were presumed to be corrupt. As such, the law may inadvertently have increased the incentive for omissions and false information, and reduced the attractiveness of working in the public sector, making it more difficult for government to recruit or retain top talent. The requirements also call into question the capacity of internal control bodies to effectively detect and resolve integrity breaches.

Furthermore, there may be confusion between the declaration forms and the conflict-of-interest policies since the differences are not clearly articulated under new policies. Declaration forms consist of the declaration of a pre-determined set of financial and non-financial information that could constitute a current conflict-of-interest situation (real or apparent), or that could lead to a conflict of interest in the future (potential conflict of interest.) Conflict-of-interest policies concern the official proactively reporting and resolving his/her conflict-of-interest situations as they arise. Declarations do not state how any current conflicts of interest are resolved, as this is carried out through a separate policy in the LGRA, whereby officials must notify their managers and internal control bodies of a conflict and reach a resolution. Based on information in declarations, internal control bodies may identify a real conflict of interest, but will not be able assess whether conflicts of interest are arising at a particular moment in time.

There is a risk, therefore, that, upon reviewing declarations, citizens may report a conflict of interest, when in fact they have been resolved (through recusal, divestiture, etc.), thereby taking valuable time away from all involved and unnecessarily casting doubt on officials. Moreover, internal control bodies may find declarations useful for detecting illicit enrichment, but less so for identifying conflicts of interest.

The Co-ordination Committee should temper expectations concerning declarations and focus on risk-based verifications and audits (next section) to maximise the information as much as possible. It should furthermore clearly communicate the conflict of interest policy to all, clarifying that, as per the LGRA, the onus remains on officials and managers to come forward, report, and resolve conflicts of interest, without necessarily waiting to complete declaration forms.

Mexico’s use of electronic means to collect declarations is positive as it can raise compliance with new disclosure requirements and facilitate verification checks. The Co-ordination Committee must further leverage this digital solution to ensure effective, risk-based verifications using integrated databases for a consistent approach across line ministries.

Article 30 of the LGRA requires that asset and interest declarations of Mexican public officials are verified following submission. This is essential, as verifying the completeness and accuracy of officials’ declarations is necessary to maintain the integrity of the declaration system itself, and ensure that it is a useful tool to detect potential and actual conflict-of-interest and integrity breaches. If public officials perceive that data stated in the declarations will most likely never be checked or used, there is a risk that the system will deteriorate into simply a “check box” activity, which undermines confidence in the government’s commitment to the integrity system.

Electronic means of submission is the norm in many OECD countries as it facilitates compliance and allows for better verification and analysis of data submitted. It can reduce the burden on officials as it reduces completion time and allows for information to be saved and/or pre-filled or incorporated from other databases. Argentina switched from paper to electronic submissions in 2000, and as a result the compliance rate on the part of public officials went up 46%. Electronic submissions can also improve various types of verification checks (see Table 3.2 below) by allowing the automatic validation of receipt, triangulation with other databases (if linked), and the automatic notification of “red-flags” (for mistakes, missing information, major changes in assets or income, etc.).

Table 3.2. Types of verification checks on asset and interest declarations

Type of verification check	Description
Basic/preliminary verification	Ensures whether declarations are fully complete or whether there are obvious mistakes (i.e. numerical values are entered, valid addresses, etc.).
Simple verification	Ensures the logical consistency of the information provided on the declaration forms (i.e. arithmetic checks and checks against past years or modifications, and checks that assets are accounted for by declared income). Simple verifications can therefore spot potential or real conflict of interest and can lead to audits.
Audit verification	This most advanced stage of verification may not only cross-check information from past declarations but also against “external” data sources from financial institutions or other public institutions. An auditor may validate the existence/value of assets and assess lifestyle, as well as request proof and testimonies from public officials and other persons.

Source: OECD (2011a) *Asset Declarations for Public Officials: A Tool to Prevent Corruption*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264095281-en>.

Mexico’s requirement for electronic submission is a positive element of its declaration policy that is in line with those of other OECD member countries. Article 34 of the LGRA states that asset and interest declarations should be submitted via electronic means to individual line ministries. The use of electronic signature, while initially perhaps complicated to implement, ensures declarations are legally binding.

Given the sheer number of declarations that will be received in Mexico, the use of digital solutions for verification and auditing will be paramount. The universal declaration requirements call in to question the capacity of internal control bodies to effectively monitor and verify the information submitted. Selected declaration

information in Mexico will be made public as per national privacy laws, and this is already one powerful incentive for officials to submit accurate information, since millions of “citizen watchdogs” and non-governmental organisation (NGOs) could conceivably call into question the validity of statements. However, verification will remain largely in the governments’ hands as it may often be necessary to cross-check information submitted against information from tax authorities or financial institutions to which the general public will not have access. Moreover, it is government entities who can invest and develop the specialised skill-sets (i.e. IT, forensic accounting, legal and investigative) to verify and audit declarations, as well as having the onus of resolving conflict of interest situations or bringing formal disciplinary proceedings forward. The LGRA (in Article 33) holds public officials liable for failing to complete declarations or providing false information.

Mexico has adopted a combined approach that is both decentralised and centralised. It is decentralised in the sense that individual internal control bodies in line ministries can collect and hold data, and centralised in the sense that relevant federal entities can access and consolidate data for purposes of the national platform, which may be smaller in scope due to national privacy laws. There is a risk therefore that verification policies and methods may diverge across institutions, and with the Co-ordination Committee, if a standardised approach is not put forward.

To effectively detect illicit enrichment or conflict of interest, internal control bodies should adopt a risk-based approach to verification and leverage digital tools to the fullest extent possible. Ideally, the Co-ordination Committee would establish a set of guidelines for all internal control bodies to ensure a high-quality verification process; while also allowing them the discretion to add additional sectoral validations in response to the particularities of their own organisations. Verification standards should exploit the use of digital solutions as much as possible.

The following proposals could be considered by the Co-ordination Committee:

- **Automatic confirmation of receipt for all declarations.** Declaration databases should be able to indicate missing declaration forms at key deadlines with follow-up by internal control bodies. Organisations could consider automatic notifications (email, text) for failing to meet declaration deadlines and/or linking submission with other HRM processes, such as performance evaluations.
- **Basic verifications on a random basis for a high number of declarations.** Basic checks are relatively easy to carry out since they can be programmed and conducted automatically. Therefore, a large number of declarations could be verified. Through random selection, the incentive is high for officials to submit complete and accurate information since it is likely that the information will be verified.
- **Simple verifications on a risk-based basis.** Many simple verifications could also be programmed automatically, although in a later stage this may require the intervention of a qualified investigator/auditor. As such, a lower number of declarations may be submitted to simple verification checks, and a risk-based approach could be considered. The Co-ordination Committee should therefore conduct a risk assessment that could consider the following:
 - *Definition of high-risk positions:* public procurement officials; tax and customs officials; officials in charge of granting or extending licences, permits, authorisations, and concessions; and financial authorities can be

considered at greater risk for conflict of interest. As mentioned earlier, senior civil servants and elected officials could also be a higher risk. The Co-ordination Committee may wish to establish a defined list of high-risk positions for internal control bodies.

- *Analysis of complaints from citizens and other officials:* both the Co-ordination Committee and internal control bodies may wish to assess and study complaints received in order to identify departments, sectors, regions and officials of higher risk that could warrant verification checks.
- *Risks identified from the declarations themselves:* the Co-ordination Committee may wish to establish automatic verification checks for declarations presenting certain trends, such as: late submissions, increases in wealth, major outside interests, inconsistencies between declarations. ICT systems can be programmed to automatically detect “red flags”, such as those that can be pre-programmed by internal control bodies.

Fully-fledged audits should also be conducted on risk-based basis following simple or basic verifications. The Co-ordination Committee could establish standards and guidelines to help internal control bodies abide by a minimum quality threshold.

It will be critical that the Co-ordination Committee helps to establish information sharing agreements with entities within and outside of government. Internal control bodies may need access to payroll information and information from financial institutions and tax authorities. Rather than each internal control body individually contacting institutions, general agreements could be facilitated from the start.

Strengthening institutional arrangements to ensure the effective mainstreaming of ethics and conflict-of-interest policies throughout the public administration

Mexico could consider transforming the current ethics committees in public sector entities into dedicated units (e.g. integrity contact points) that focus specifically on preventing corruption and promoting a culture of integrity in their respective organisations, rather than on enforcement.

As discussed in the previous section, laws, regulations and written manuals are the foundation on which policies for promoting public ethics and managing conflicts of interests are built. However, even if perfectly drafted, on their own they are insufficient for guaranteeing compliance and eventually enabling a culture of integrity. The institutional arrangements that underpin legal and policy frameworks are a major contributing factor towards ensuring successful implementation by supporting the mainstreaming of integrity and improving co-ordination and co-operation. International experience tends to show that organisations need dedicated and specialised individuals or units that are responsible, and in the end also accountable, for the internal implementation and promotion of these policies. Guidance on ethics and conflicts of interest also needs to be provided on a more personalised and interactive level than just through written materials, especially to respond on an ad hoc basis when public servants are confronted with a specific problem or doubts.

The SFP, as part of its eight-point plan, recently revamped ethics committees in each federal entity, by clarifying their role in the Ethics Code and Integrity Rules. Ethics committees (CEPCI) are the official link and contact point between the UEEPCI in the SFP and the federal entities. Each entity’s CEPCI is headed by the executive secretary

(Official Mayor) as the only permanent member, with ten other members elected for two-year terms by colleagues in the organisation. The composition of the ten elected members is regulated according to different levels of hierarchy. Currently, the responsibilities of CEPCIs evolve around three main issues:

1. Revision, implementation and evaluation of the organisational codes of conduct.
2. Promotion of guidance over integrity policies, including training.
3. Reception and processing of integrity violations (Article 6, DOF 20/08/2015).

Interviews conducted during the OECD's fact-finding mission to Mexico revealed two challenges. First, since being a member of a CEPCI is an additional task and not a full-time position, the capacities and expertise related to integrity policies are inadequate given the scope and importance of the delegated responsibilities. Consequently, the performance and dedication of the CEPCI becomes dependent on the individual motivation of its members; if there is no time, the CEPCI work will always be second priority. Also, the decree on the Ethics Code and the Rules of Integrity is not clear about the organisational location in the organigramme and the budget of the CEPCI, and does not clearly state its relationship with the head of the organisation (i.e. minister), which reflects a potential lack of leadership and support from senior management.

Second, despite the responsibilities related to prevention, ethics committees see their role primarily in enforcement, emphasising their responsibility in hearing and deciding on potential violations of the code. This observation adds to the analysis made previously, which concludes that Mexico's approach to integrity has a relatively strong compliance-based orientation, with scope to improve on the values-based and develop a more preventive approach. The role of the ethics committee may lead to confusion and duplication with the other existing channels available for voicing complaints and reports (see Chapter 7 on disciplinary matters). More importantly, this function poses a conflict between the CEPCI's role in providing guidance, as public officials may feel reluctant to speak about dilemmas and problems they are facing if they are aware of CEPCI's role in detecting and sanctioning integrity violations.

Responsibility for promoting public ethics and providing guidance on managing conflicts of interest should be with dedicated and trained individuals who are held accountable for their work. Mexico should therefore consider dedicating the resources and capacities required to effectively implement integrity policies at the organisational level. To achieve this, the ethics committee could be transformed into a unit that is clearly integrated into the organisational framework, that has dedicated and trained permanent staff, and that has its own budget to implement the activities related to its mandate. The head of the unit should report directly to the head of the entity and to the UEEPCI of the SFP. Depending on the size of the organisation, the unit could consist of one single responsible individual, as with the contact person for integrity in Germany (Box 3.5) or Canada (Box 3.6).

Box 3.5. Germany's contact person for corruption prevention

Germany, at the federal level, has institutionalised units for corruption prevention, as well as a responsible person dedicated to promoting corruption prevention measures within a public entity. The contact person and a deputy have to be formally nominated. The “Federal Government Directive Concerning the Prevention of Corruption in the Federal Administration” defines these contact persons and their tasks as follows:

- A contact person for corruption prevention shall be appointed based on the tasks and size of the agency. One contact person may be responsible for more than one agency. Contact persons may be charged with the following tasks:
 - Serving as a contact person for agency staff and management, if necessary without having to go through official channels, along with private persons.
 - Advising agency management.
 - Keeping staff members informed (e.g. by means of regularly scheduled seminars and presentations).
 - Assisting with training.
 - Monitoring and assessing any indications of corruption.
 - Helping keep the public informed about penalties under public service law and criminal law (preventive effect), while respecting the privacy rights of those concerned.
- If the contact person becomes aware of facts leading to reasonable suspicion that a corruption offence has been committed, he or she shall inform the agency management and make recommendations on conducting an internal investigation, on taking measures to prevent concealment and on informing the law enforcement authorities. The agency management shall take the necessary steps to deal with the matter.
- Contact persons shall not be delegated any authority to carry out disciplinary measures; they shall not lead investigations in disciplinary proceedings for corruption cases.
- Agencies shall provide contact persons promptly and comprehensively with the information needed to perform their duties, particularly with regard to incidents of suspected corruption.
- In carrying out their duties of corruption prevention, contact persons shall be independent of instructions. They shall have the right to report directly to the head of the agency and may not be subject to discrimination as a result of performing their duties.
- Even after completing their term of office, contact persons shall not disclose any information they have gained about staff members’ personal circumstances; they may, however, provide such information to agency management or personnel management if they have a reasonable suspicion that a corruption offence has been committed. Personal data shall be treated in accordance with the principles of personnel records management.

Source: German Federal Ministry of the Interior (n.d.), Rules on Integrity, Federal Ministry of the Interior, Berlin, www.bmi.bund.de/SharedDocs/Downloads/EN/Broschueren/2014/rules-on-integrity.pdf?__blob=publicationFile.

Box 3.6. Canada: Senior officials for public service values and departmental officers for conflict of interest measures

Senior officials for public service values and ethics:

- The senior official for values and ethics supports the deputy head in ensuring that the organisation exemplifies public service values at all levels. The senior official promotes awareness, understanding and the capacity to apply the code amongst employees, and ensures management practices are in place to support values-based leadership.

Departmental officers for conflict of interest and post-employment measures:

- Departmental officers for conflict of interest and post-employment are specialists within their respective organisations who have been identified to advise employees on the conflict of interest and post-employment measures (...) of the Values and Ethics Code.

Source: Treasury Board of Canada Secretariat, www.canada.ca/en/treasury-board-secretariat.html.

Mexico should consider limiting the mandate of ethics committees, or the unit/position that replaces them, to prevention, while leaving the role of receiving and processing complaints and reports to other dedicated units in the organisation (see Chapters 6 and 7 on internal control and administrative disciplinary regime). Guidance should be provided in an environment where public officials can seek advice without fear of reprisal, and the unit responsible for the code of conduct should dedicate time and energy to the updating, implementation and promotion of the code (see recommendations below), and to enabling an organisational culture of integrity.

Currently, the UEEPCI acts as an umbrella unit of these ethics units, and co-ordinates and liaises with CEPCIs across the administration, monitors their work, provides tools and materials, supports with ad hoc guidance, and facilitates training. The SFP could also consider establishing a network between the ethics units where they can exchange good practice, discuss problems and develop capacities.

Box 3.7. The Canadian Conflict of Interest Network

The Canadian Conflict of Interest Network (CCOIN) was established in 1992 to formalise and strengthen contact across the different areas of government on conflict of interest policy. The Commissioners from each of the ten provinces, the three territories and two from the federal government representing the members of the Parliament and the Senate meet annually to disseminate policies and related materials, exchange best practices, and discuss the viability of policies and ideas on ethics issues.

Source: New Brunswick Conflict of Interest Commissioner (2014), *Annual Report Members' conflict of interest Act 2014*, www.gnb.ca/legis/business/currentsession/58/58-1/LegDoc/Eng/July58-1/AnnualReportCOI-e.pdf.

Human resource management is particularly relevant in promoting and ensuring integrity. Under the leadership of the SFP, Mexico could consider institutionalising a closer alignment and stronger collaboration between integrity contact points, as recommended above, and HRM units to ensure an effective mainstreaming of integrity in HRM practices.

Public ethics and the management of conflicts of interest are about directly or indirectly changing the behaviour of an organisation's human resources. Therefore, HRM policies are part of both the problem and the solution regarding promoting integrity in public administration. Generally speaking, factors such as a high-level of politicisation leading to loyalty not to the public but to the party or "patron" in power, a low culture of performance orientation, poor rewards and salaries, low levels of contract security, lack of training and professionalism, a high staff turnover, lack of guidance and a weak tone from the top are impediments to an open organisational culture where advice and counselling can be sought to resolve ethical problems. This can lead to opportunities for and rationalisation of corrupt practices and low levels of integrity. When staff rotation is high, there may be less importance placed on the implementation of a strong ethics culture in the workplace, as employees are not employed long enough to feel engaged with public integrity values and apply these measures in practice.

In Mexico, the Law for the Professional Career Civil Service of 2003 (*Ley del Servicio Profesional de Carrera de la Administración Pública Federal*, SPC) has been a key factor in implementing a merit-based management of the civil service. The SPC sets out the jobs to be included in the law, as well as the respective HRM policies and practices, and is intended to guarantee equal opportunities for access to employment in the federal public administration based on merit and with the purpose of developing public administration for the benefit of society (OECD, 2011b). However, an ongoing challenge in Mexico relates to the lack of homogeneity in the civil service. Employees of the federal government are divided into two categories: unionised affiliation (base) and free appointment (*confianza*). While unionised affiliation is usually reserved for administrative and technical personnel and implies a significant level of stability, free appointment of employees is mostly used for higher positions with shorter-term contracts.

Given the importance of high positions with leadership function in promoting and ensuring a high level of integrity, the division between base and *confianza* could represent an obstacle to effectively promoting a culture of integrity throughout all levels of the federal public administration. Many OECD countries rely on senior civil servants in terms of individual development and special management rules, processes and systems to provide guidance in the form of advice and counsel for public servants to resolve dilemmas at work and potential conflicts of interest. Senior civil servants embody and transmit core public service values, set an example in terms of performance and probity, and communicate the importance of these elements as a means of safeguarding public sector integrity.

The SFP is responsible for the SPC regime in the central federal administration; additionally, every participating ministry and agency is responsible for its operation and has a technical committee responsible for the implementation, operation and evaluation of the system (OECD, 2011b). HRM can help to ensure integrity in public administration by integrating specific integrity measures throughout the main HRM activities (see Table 3.3). Through its role and technical expertise in each of these practices, and by enhancing co-ordination between the respective responsible units in SFP, it can contribute significantly to enhancing a culture of transparency and promoting the rule of law. The

recent restructuring within the SFP that moved the UEEPCI under the unit responsible for HRM policies provides a unique opportunity to further promote the mainstreaming of integrity policies into human resource management policies.

Table 3.3. Mainstreaming integrity throughout HRM practices

HRM practices	Mainstreaming integrity
Human resources planning	Assessing integrity risks of different positions and planning accordingly.
Entry	Background checks, ethical tests, managing potential conflicts of interest arising from previous employments (revolving doors); developing job descriptions with ethical considerations in mind.
Professional development, training and capabilities certification	Tailored trainings on integrity policies.
Performance evaluation	For managers: assessing their management of employees' conflict of interest or ethical dilemmas. For employees: assessing adherence and compliance with integrity policies.
Severance	Monitoring potential conflict of interest arising from nature of next employment (i.e. revolving doors).

Source: OECD elaboration.

Beyond the need for including integrity training in the induction process and professional development policies of the SFP, strategies to mainstream integrity in HRM processes comprise two key areas: recruiting and performance evaluations.

The recruitment process offers the first point of contact between the employer and potential future employees. Ideally, the employer would like to ensure, in addition to the usual criteria, that the candidates conduct themselves with integrity and understand and agree to the ethical principles and values of the public service. Procedures at this stage typically comprise background checks with past employers and of criminal and disciplinary records, but there is also a need to state clearly what is expected from the future public servants in terms of values and behaviour (see Boxes 3.8 and 3.9).

Box 3.8. Recruitment processes and integrity: Experience from Australia

“Filters” can be built into to a recruitment process to ensure that applicants are tailored to the organisation’s requirements. In Australia, for example, one agency analysed disciplinary issues amongst new recruits after 12 months on the job and identified a need to better manage indicators of integrity earlier in the selection process.

As a result, interventions were then instituted at important stages:

- A question and answer survey was included as part of the general information for potential applicants. It asked questions about how people felt about certain working conditions and interactions. Based on an indicative score, potential applicants were then encouraged to proceed to the next stage or encouraged to speak about the role with people who knew them well before proceeding to the next stage. This supported self-filtering by applicants.

Box 3.8. Recruitment processes and integrity: Experience from Australia (cont.)

- As part of the online application, more targeted integrity questions were asked about their background and experiences. For example, questions about dealing with authority, diverse cultures, and financial management. This provided base data for comparative purposes.
- Successful applicants in the technical assessment phase were asked to retake the integrity questions. Experts were asked to identify discrepancies or anomalies between the data sets and individually followed these up with applicants. The delay between administering the questions increased the validity of the data.
- Only those applicants who successfully passed both the technical and the integrity phases were invited to face-to-face interviews, which included a practical role play.

The outcome was a considerable decrease in disciplinary issues and increased retention rates for new recruits.

Source: Input provided by the Australian Merit Commissioner, June 2016.

The regular performance evaluations carried out between the responsible public manager and their personnel offers an important entry point for integrity policies. Mexico could aim at a stronger involvement of public managers with staff responsibility, providing specific training and clear guidelines on how they should exercise judgment when cases are brought to them, how to signal unethical behaviour in discussions with their staff, how to promote a culture of open discussion, and how to resolve situations of conflicts of interest. Performance evaluations can be used as an important anchor point for transmitting values and expectations, although they are usually focussed only on the past objectives and future goals of employees.

During these meetings it could be helpful to explicitly address the subject of public ethics and conflicts of interests, and go beyond evaluating past performance based on technical aspects, setting new goals, and discussing general issues concerning the division of labour, team work etc. If taken seriously, and not as a check box exercise, such regular discussions would provide the opportunity to set the tone at the top. Furthermore, the inclusion of integrity as criteria for the professional development of the public servants could be considered.

Box 3.9. Australia's Independent Selection Advisory Committees (ISAC)

The Merit Protection Commissioner is a statutory office holder responsible for independent reviews of employment actions, promotion decisions, and fee-for-service functions that support merit. The Independent Selection Advisory Committees (ISAC) is one example of a fee-for-service function used to recruit staff in the Australian Public Service (APS). To establish an ISAC, an agency can make a request to the Merit Protection Commissioner.

The overarching role of ISAC is to establish and conduct an impartial assessment of the relative skills and capabilities of candidates. In consultation with the agency, ISAC establishes the best selection methodology to assess candidates. ISAC considers the skills and attributes of candidates relative to the skills and attributes required to successfully perform the duties of the job vacancy. It conducts a staff selection exercise by assessing candidates, preparing reports, and making recommendations to the agency.

Box 3.9. Australia's Independent Selection Advisory Committees (ISAC) (cont.)

An ISAC is an alternative to the traditional Australian Public Service recruitment that reinforces integrity in the workplace. There are various benefits for agencies to use ISACs, including:

- Merit-based recruitment solutions that are streamlined, cost-effective and timely.
- Good workplace relations through transparent, independent, impartial selection processes.
- Cost-savings for agencies by staff placements not subject to promotion reviews.
- Flexible process that accommodates multiple selection methodologies.
- Merit pools of preferred candidates ranked by relative suitability.
- Enable agencies to make staff placements for similar job vacancies over a 12 month period.
- Gain expert knowledge in best practice of staff selection.

When undergoing the staff selection process, ISAC operates under the powers of the Merit Protection Commissioner, and is therefore independent. An ISAC has three members: a convenor nominated by the Merit Protection Commissioner; a person nominated by the agency that requested the ISAC; and a third member who is also nominated by the Merit Protection Commissioner. ISAC works in partnership with the agency. Each member signs a declaration of impartiality and forms an independent judgement about candidates. ISAC then makes recommendations to agencies about the suitability of candidates.

There are specific benefits to using ISAC for small pools of candidates or large bulk rounds across multiple locations and skillsets:

Agency Focus:	ISAC helps to:
Small agencies and specialised roles with a small pool of candidates	<ul style="list-style-type: none"> • Manage perceptions: ISACs ensure process impartiality, integrity and transparency. • Provide insider technical knowledge: ISACs allow for different assessment methods for internal and external candidates. • Balance business as usual outcomes and expertise: ISACs allow agency staff to focus on core business without the loss of APS expertise.
Large bulk rounds across multiple locations and skillsets	<ul style="list-style-type: none"> • Deal with complexity: ISACs simplify the process when many applicants are competing for roles across locations and skill sets. • Provide flexibility: ISACs accommodate a range of selection methods, including assessment centres, online screening and traditional interviews. • Target groups: ISACs allow for ongoing analysis to test for unconscious bias.

Source: Australian Public Service Commission, “Independent Selection Advisory Committees”, www.apsc.gov.au/_data/assets/pdf_file/0013/63130/Isacs-DL-leaflet-PRESS-READY-R1.pdf.

Towards a culture of integrity: Building consensus, raising awareness, and promoting change in behaviour

The ongoing revisions to the Codes of Conduct are a unique opportunity to raise awareness, promote ownership, and create a “culture of integrity” at organisational levels. Mexico could make full use of this chance by designing the revision process in a more participative, bottom-up way.

A special feature of the Mexican integrity system is that it is two-tier, so the general Ethics Code and Rules of Integrity are complemented with more specific codes of conduct developed and issued by each federal entity. Although entities are currently in the process of revising the codes to align to the principles set out in the new Code of Ethics and Rules of Integrity, such a two-tier system has already been in place across the federal administration since 2001, in the context of the National Anti-corruption Programme 2001-2006 (*Programa Nacional de Combate a la Corrupción y Fomento a la Transparencia y el Desarrollo Administrativo*), and the first version of the federal ethics code from 2002 (*Acuerdo por el que se da a conocer el Código de Ética de los Servidores Públicos de la Administración Pública Federal*, No. SP/100/0762/02, DOF 31/07/2002).

In addition to the Ethics Code and a plain language guide or manual, the existing codes of conduct at organisational levels currently being revised provide a unique opportunity to build consensus and ownership, and to provide relevant and clear guidance to all public servants. Mexico’s decision to provide more specific guidelines and codes at organisational levels, while ensuring that they align with the overarching principles of the Ethics Code, is an important step towards ensuring relevant guidance. Just as different organisations are facing different contexts and natures of work, they may also be faced with distinctive ethical dilemmas and specific conflict of interest situations. It is commendable that in March 2016 Mexico issued a guide to the ethics committees on how to elaborate the codes of conduct (*Guía para la elaboración del Código de Conducta propio de cada Comité de Ética y de Prevención de Conflictos de Interés de cada Dependencia o Entidad*); the guide explicitly highlights the importance of using plain and inclusive language.

However, the guide does not provide orientation on the process of how to develop such a code. The speed and process by which entities at the federal level are currently reforming their codes suggest a “check box” exercise aimed at complying with the task, rather than a bottom-up and consultative approach that is based on prior analysis of organisations’ particular integrity risks and that promotes discussions amongst the employees. Elaborating a code at the organisational level in a participative way is an important awareness raising and sensitisation exercise. By involving employees from all levels of the organisation, the sense of ownership of the code and its values are strengthened.

Through acknowledging that the process of elaborating an organisational code is of utmost importance, such guidance would contribute to ensuring an effective mainstreaming of the core values throughout the federal administration. Process matters and the organisational codes of conduct provide a unique opportunity to fine-tune Mexican ethics policies from the bottom-up. By actively involving public servants in an organisation into the elaboration of their code, it is more likely that they will consider them as their own and comply. Guidance from the SFP should ensure that the resultant codes are consistent with the Ethics Code, but it should also concern the process required to elaborate or revise codes. Reportedly, organisational codes in the past have been

developed without consulting public servants of the organisations. The code of conduct could envisage identifying, in a participative process, additional values to the constitutional principles that are considered to be relevant for the specific organisation. Also, concrete examples from the day-to-day relevance of principles and values can best be obtained by asking the employees to contribute based on their experiences. Codes of conduct provide an excellent entry point for tailoring specific guidance and acknowledging the at-risk positions in an organisation, as well as the specificities and realities of the different sectors, organisations, and regions.

The SFP's Specialised Unit for Ethics and Prevention of Conflicts of Interest (UEEPCI) could consider developing a step-by-step guide, or updating the existing guide mentioned above, and include details on how to manage the process of constructing codes of conduct in a participative way. Additionally, if capacities allow, the SFP could carry out training and/or ad hoc advice to public entities during the process. For instance, guidance could be provided on how to design and moderate focus groups amongst employees from different levels of the public entity, or focus groups with the private sector and users in order to get their external view on the institution. Guidance could also be provided on communication strategies, emphasising the importance of using different channels, how to create public (visible) commitment of the authorities and the senior management with the code (e.g. through a public signing of the code by senior management), and dissemination to employees and external stakeholders. Finally, guidance could be provided regarding the monitoring and evaluation measures taken in relation with the codes of conducts. In many organisations, the Ethics Committees (ECs) are asked to develop the codes, therefore earlier consideration to create dedicated integrity units that report to senior management and the SFP would support the process of co-ordination and sharing of good practices around the development of the codes.

Through guidance by SFP to responsible units in the entities, such a process would also develop the internal capacities of these organisations so that direct involvement by the SFP would likely decline over time. In order to learn and elaborate the written guidance, and have clarity concerning the typical requests, challenges and constraints, Mexico could consider piloting the participative elaboration of codes of conduct in two or three key line ministries. These ministries could then, together with SFP, serve as good practice in setting an example and be invited into other entities to help steer the process.

The SFP could consider significantly scaling-up its awareness-raising and training efforts, exploiting various channels and putting emphasis on more tailored and accessible communications strategies.

A code alone cannot guarantee ethical behaviour. It can offer written guidance on expected behaviour by outlining the values and standards to which public officials should aspire. But to be effectively implemented and lead to the desired change in behaviour, a code must be part of a wider organisational strategy that is supported by a strong commitment at the top and accompanied by a strong communication policy, as well as training and awareness raising measures. A clear communication strategy to raise awareness of integrity policies and available tools and guidance ideally makes use of different existing and innovative channels of communication.

From 2009 until the creation of the UEEPCI, the SFP has been offering a comprehensive course called “culture of legality” (*curso de legalidad para servidores públicos*), which covers a range of important issues, including modules on the importance of the rule of law, which aims to promote an understanding of why public servants may

violate the rule of law; and a module aimed at developing capacities for resolving difficult situations. The course was the result of a joint project between the SFP and the National Strategy Information Center (NSIC) in 2009. The UEEPCI is currently analysing and revising the course. In addition, it is delivering training on ethics and conflict-of-interest management to CEPCI, and is exploring options for online training with education institutes. The National Institute of Public Administration (*Instituto Nacional de Administración Pública*, INAP), is offering a course on “Ethics and Values in the Public Administration”, as well as an online course called “Responsibilities of the Public Service, Vocation, Ethics, and Values”.

However, none of these courses are compulsory, and there is no clear strategy regarding eligibility and roll out. Beyond these courses and training, there is no specific training or capacity building on ethics and conflict-of-interest management. The SFP could therefore consider developing a comprehensive integrity capacity building strategy for the public administration. This strategy could encompass a general introduction, which could be compulsory within the induction training, and more specific training tailored to needs or areas, which could be compulsory for specific at-risk areas and senior management.

All new employees, independent of their contractual status, should receive induction training to familiarise themselves with the federal administration, their positions and the related rights and obligations that cover public ethics and conflict-of-interest management. Such induction training is the perfect opportunity to set the tone regarding integrity from the beginning of the working relationship, and can explain the principles and values, and the rules related to public ethics and conflict of interest. The most basic and generic parts of such a training could be implemented through e-learning modules, but organisation-specific induction courses, for instance regarding the organisational codes of conduct that must be implemented in each entity of the federal administration (see below), could also be considered.

Box 3.10. Integrity induction training for public servants in Canada

In the Government of Canada, integrity training for public sector employees is conducted at the Canada School of Public Service. The Treasury Board Secretariat works closely with the school to develop training for employees about values and ethics. The school recently updated the orientation course for public servants on values and ethics, which is part of a mandatory curriculum for new employees. In addition, the course is used by federal departments as a refresher for existing employees to ensure they understand their responsibilities under the Values and Ethics Code for the Public Sector. To ensure accessibility for all public servants, the course is available online.

The course focuses on familiarising public servants with the relevant acts and policies, such as the Values and Ethics Code for the Public Sector, the Public Servants Disclosure Protection Act and the Policy on Conflict of Interest and Post-Employment. Additionally, modules on ethical dilemmas, workplace well-being and harassment prevention are included in the training. Through the five different modules, public servants not only increase their awareness of the relevant policy and legislative frameworks, but also develop the skills to apply this knowledge as a foundation to their everyday duties and activities.

The training course includes a dedicated module on the Values and Ethics Code for the Public Sector. The module highlights the importance of understanding the core values of the federal public sector as a framework for effective decision making and legitimate governance, as well as for preserving public confidence in the integrity of the public sector. The module contains a section on duties and obligations, where the responsibilities for employees, managers/supervisors, and deputy heads/chief executives are provided in detail.

Box 3.10. Integrity induction training for public servants in Canada (cont.)

This section also discusses the Duty of Loyalty to the Government of Canada, stating that there should be a balance between freedom of expression and objectiveness in fulfilling responsibilities, illustrated with an example from social media. At the end of the module there are two questions posed to ensure participants have understood the purpose of the Values and Ethics Code for the Public Sector and the foundation for fulfilling one's responsibilities in the public sector.

An innovative component of the integrity training course is the module on ethical dilemmas. The purpose of the module is to ensure familiarity with the Values and Ethics Code for the Public Sector, and it includes a range of tools to cultivate ethical decision making amongst public servants. The module also informs public servants of the five core values for the Canadian public service: respect for democracy, respect for people, integrity, stewardship and excellence. This prompts them to think about how to apply these values in their everyday role. Key risk areas for unethical conduct, such as bribery, improper use of government property, conflict of interest and mismanagement of public funds, are identified, with descriptions that put the risks into practical, easy to understand language. By posing three different scenario questions and asking participants to select competing public sector values, the module also encourages public servants to think about how conflicts between these values may be resolved.

Source: Treasury Board Secretariat, Canada.

Mexico could consider developing specialised training modules for specific at-risk positions, such as public procurement officials, auditors and customs officials, as well as specific modules aimed at recognising and managing conflicts of interest and resolving ethical dilemmas (see Box 3.11). Mexico could also promote, with guidance from the UEEPCI, organisation-specific induction training related to the codes of conduct of the different entities. Such organisation-specific training could build upon more generic guidance and tools, but make them more context-specific by introducing examples and cases related to the sector and the specific public services provided by the entity.

Box 3.11. Dilemma training in the Flemish Government (Belgium)

In the dilemma training offered by the Agency for Government Employees, public officials are given practical situations in which they face an ethical choice and it is not clear how to best resolve the situation with integrity. The facilitator encourages discussion between the participants about how the situation could be resolved to explore the different choices. As such, it is the debate and not the solution which is most important, as this will help the participants to identify different values that might oppose each other.

In most training courses, the facilitator uses a card system. The rules are explained and participants receive four option cards with the numbers 1, 2, 3 or 4. The dilemma cards are then placed on the table. The dilemma cards describe the situation and give four options on how to resolve the dilemma. In each round, one of the participants reads out the dilemma and options. Each participant indicates their choices with the option cards and explains their motivation behind the choice. Following this, participants discuss the different choices. The facilitator remains neutral, encourages the debate and suggests alternative options of how to look at the dilemma (e.g. sequence of events, boundaries for unacceptable behaviour).

Box 3.11. Dilemma training in the Flemish Government (Belgium) (cont.)

One example of a dilemma situation that could arise would be:

I am a policy officer. The minister needs a briefing within the next hour. I have been working on this matter for the last two weeks and should have already been finished. However, the information is not complete. I am still waiting for a contribution from another department to verify the data. My boss asks me to submit the briefing urgently as the chief of cabinet has already called. What am I doing?

- I send the briefing and do not mention the missing information.
- I send the briefing, but mention that no decisions should be made based on it.
- I do not send the briefing. If anyone asks about it, I will blame the other department.
- I do not send the information and come up with a pretext and the promise that I will send the briefing tomorrow.

Other dilemma situations could cover the themes of conflicts of interest, ethics, loyalty, leadership etc. The training and situations used can be targeted to specific groups or entities.

For example:

You are working in Internal Control and are asked to be a guest lecturer in a training programme organised by the employers of a sector that is within your realm of responsibility. You will be well paid, make some meaningful contacts and learn from the experience.

Source: Website of the Flemish Government, <https://overheid.vlaanderen.be/omgaan-met-integriteitsdilemmas> (in Dutch).

Awareness-raising of the codes should not be limited to public officials; Mexico could consider tailoring specific communication strategies to inform key stakeholders of the institutions about the ethics and conflict of interest regulations to which public officials are committed.

Adopting a code of conduct has a communicational aspect internally within the organisation and externally to society, as it sends a strong signal that the organisation is committed to observing the highest standards of integrity and that ethical behaviour is expected from all employees. Principle 4 of the OECD Recommendation on Public Integrity (OECD, 2017) therefore calls for “communicating public sector values and standards internally in public sector organisations and externally to the private sector, civil society and individuals, and asking these partners to respect those values and standards in their interactions with public officials.”

External communication of the relevant codes of conduct can support key stakeholders in their commitment to integrity. The public administration is not isolated from society, and many ethic violations involve or are solicited by outsiders. The role of external actors, in particular users of public services and the private sector, is critical to maintaining the integrity of government operations. Communication on the code of conduct and ethical values of the public sector can serve as an effective tool to inform users and providers of federal public services about the ethics and codes of conduct. Emphasis should be made on both their rights and their duties to abide by the rules.

A growing trend in OECD member countries is to communicate throughout the private sector the values and ethics that officials must adhere to (see Box 3.12). In Canada, the code of conduct for procurement officials applies to both civil servants and suppliers, and, as a result, suppliers must be made aware of their required conduct under the code. Each public entity in Mexico could consider communicating its code of conduct to the users of their services, providers from the private sector, and other stakeholders of the institution. For example, it could be displayed publicly in waiting rooms and attached to requests for proposals and calls for applications, or mailed to all vendors. As suggested in Chapter 2, this could be conducted through the advisory board of private sector representatives to NACS, or as part of a wider NACS strategy on building integrity in society.

Raising awareness externally about public officials' integrity commitments can also be a useful tool in empowering society to hold public officials to account for their actions and increasing institutional trust. The integrity of society can, in part, be influenced by the perceptions citizens have of the actions of public officials, as public officials who are viewed to be corrupt and untrustworthy can have a negative impact on the wider integrity of society. If, on the other hand, public officials communicate their integrity responsibilities and are held accountable for actively implementing them, they can demonstrate to society that they are trustworthy, which positively influences society's integrity.

Box 3.12. Ethical standards for providers of public services in the United Kingdom

The Committee on Standards in Public Life (CSPL) is an advisory non-departmental body sponsored by the Cabinet Office that has the specific role of advising the Prime Minister on ethical standards across the whole of public life in the United Kingdom. It also monitors and reports on issues relating to the standards of conduct of all public office holders.

In 1995, the CSPL established the Seven Principles of Public Life, with revisions made in 2013. Originally responsible for advising on ethics matters related to the public sector, CSPL terms of reference were clarified in 2013 so that its remit also incorporated all those involved in the delivery of public services. As such, the Seven Principles of Public Life are applicable to all those delivering public services, including third-party providers from the private or voluntary sector. These seven principles serve as the basis for the ethical standards framework for those who both operate in the public sector and with the public sector:

1. Selflessness: holders of public office should act solely in terms of the public interest.
2. Integrity: holders of public office must avoid placing themselves under any obligation to people or organisations that might try to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits to themselves, their family, or their friends. They must declare and resolve any interests and relationships.
3. Objectivity: holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
4. Accountability: holders of public office are accountable to the public for their decision and actions and must submit themselves to the scrutiny necessary to ensure this.
5. Openness: holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for doing so.
6. Honesty: holders of public office should be truthful.

Box 3.12. Ethical standards for providers of public services in the United Kingdom (cont.)

7. Leadership: holders of public office should exhibit these principles in their own behavior. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Following the inclusion of third-party suppliers to its remit, the CSPL carried out research with members of both the public sector and private sector involved in service delivery, with the purpose of understanding their expectations of the ethical principles and standards expected of public service delivery. Five key findings resulted from the CSPL's research:

1. The public wants common ethical standards across all provider types, regardless of sector, supported by a code of conduct.
2. "How" the service is delivered is as important to the public as "what" is delivered, with a focus on personalisation and use-led definition of quality.
3. Public and stakeholder views of what should constitute ethical standards are broadly in line with the Seven Principles of Public Life.
4. Commissioners expect providers to conform to ethical standards, but rarely articulate this.
5. Commissioners want guidance on how to embed ethical standards in the commissioning and procurement process.

Using the evidence base and building on existing mechanisms, the report set out a high level framework required to support these standards and provide the necessary assurance based around:

- Principled leadership and governance.
- A suitable code of conduct.
- A culture of dialogue and challenge.
- Clarity of accountability and transparency.
- Ethical capability.

Following publication of the report, the CPSL has shared its findings with providers of public services, such as the Chartered Institute of Public Finance and Accountancy and the Industry Forum. In addition, the CPSL conducted two seminars with the Business Services Association to discuss practical internal organisational measures for delivering high ethical standards in public services, as well as a workshop with the Whitehall Industry Group on Building an Ethical Culture in Organisations.

In December 2015, CPSL published a guidance document for public service providers, which identifies practical examples of measures commissioners and providers can use to support high ethical standards.

Source: CPSL (2015a), *CSPL Annual Report 2014-2015 and Business Plan 2015-2016*, Committee on Standards in Public Life, London, www.gov.uk/government/uploads/system/uploads/attachment_data/file/447604/CSPL_Annual_Report_2015.pdf.

CPSL (2015b), *Ethical Standards for Providers of Public Services: Guidance*, Committee on Standards in Public Life, London, www.gov.uk/government/uploads/system/uploads/attachment_data/file/481535/6.129_1_CO_LAL_Ethical_standards_of_public_life_report_Interactive_2_.pdf.

CPSL (2014), *Ethical Standards for Providers of Public Services*, Committee on Standards in Public Life, London, www.gov.uk/government/uploads/system/uploads/attachment_data/file/336942/CSPL_EthicalStandards_web.pdf.

Mexico could consider piloting mechanisms based on insights from research in behavioural sciences, and consider scaling-up successful interventions.

The current conventional approach to preventing corruption and fostering integrity is largely based on a traditional rational choice model of individuals maximising their interests through a decision-making process based on a cost-benefit analysis of alternatives, usually through the lens of a principal-agent-client approach and excluding psychological aspects. The policy recommendations therefore usually stress the importance of both increasing the costs and lowering the benefits of undesired behaviour through control and sanctions. They aim to reduce the discretion of decision makers to diminish their scope for misbehaviour, or at least manage arising risks through conflict-of-interest regulations or by providing guidance on expected behaviour through codes of ethics or conduct.

However, there growing discussions regarding a sometimes perceived lack of effectiveness and impact of these traditional measures. As already discussed in the context of the public procurement protocol above, some of the typical policies and measures could backfire, and questions arise around whether the costs of these measures outweigh the supposed benefits (see, for instance, Anechiarico and Jacobs, 1996). Theoretical and empirical research has helped in advancing the understanding of decision making beyond rational choice models. The fields of behavioural economics, psychology and experimental ethics have particularly seen a rise of available experimental evidence, both from the laboratory and the field, which is beginning to form a body of regularities relevant for framing thinking towards innovative and more effective approaches to integrity and anti-corruption (Serra & Wantchekon, 2012; Lambsdorff, 2012 and 2015; Boehm et al., 2015).

Mexico could consider piloting and testing innovative measures; concrete areas could be:

- **Building “moral reminders” into key decision-making processes:** Experiments have shown the importance of “ethical reminders” at the very moment of decision making. While evidence of the impact of ethics training and the existence of codes of conduct is, at best, mixed, small reminders concerning correct behaviour do have a measurable impact on the probability to cheat (Ariely, 2012 and Box 3.13). A concrete policy measure derived from this experimental evidence could be to include, for example, a sentence to be confirmed by a procurement official just before taking the decision on a procurement contract. The sentence could read: “I will take the following decision according to the highest professional and ethical standards”. By signing, the procurement official implicitly links their name to an ethical conduct.

Box 3.13. How to measure cheating

There are possibilities to measure cheating through experimental designs (e.g. Ariely, 2012, or Fischbacher and Föllmi-Heusi, 2012). Before implementing or reforming innovative integrity policies aimed at reducing dishonest behaviour, a country could apply such experimental designs to measure the “cheating baseline” in an organisation or group.

On the one hand, the experiments could inform the country if there are areas where cheating is more common than in others, and consequently focus policies on these areas. On the other hand, the baseline would allow the country to have a concrete indicator to measure whether the piloted policies had the desired impact before considering up-scaling.

Source: Ariely, D. (2012), *The (honest) truth about dishonesty: How we lie to everyone—especially ourselves*, Harper, New York.

Fischbacher, U. and F. Föllmi-Heusi, F. (2012), “Lies in Disguise. An experimental study on cheating”, Research Paper Series Thurgau Institute of Economics and Department of Economics no. 40, University of Konstanz.

- **Addressing social dynamics:** Just as leading by example is important, as stressed above, the example of people behaving dishonestly can influence the behaviour of others. On the one hand, experiments have shown that if it is a member of the same group that misbehaves, this example tends to be followed by others; if it is a member of a rival group, the effect is the opposite and participants behave more honestly than in the control group (Gino et al., 2009). On the other hand, it has been proven that an erosion of ethical behaviour is acceptable to a group when it occurs gradually (Gino and Bazerman, 2009). This suggests that an organisation can slide into corruption without anyone realising what is happening, and, therefore, without anyone denouncing the corruption. From a policy perspective, this suggests that it is preferable to react to undesired behaviour even for small and seemingly negligible actions, as they can be the beginning of a path to more serious and accepted behaviours, creating a vicious circle. Reacting does not necessarily mean strict sanctions, though. It also highlights the importance of making visible “ethical success stories” to foster positive dynamics in the organisation: the “good” should be more visible than the “bad”.
- **Improving working environment:** Experimental results indicate that creating environments that are clean and bright can inhibit, at least to some extent, corrupt behaviour. It has been shown that the mere presence of an aroma associated with “cleanliness” leads to increased prosocial behaviour (Liljenquist et al., 2010). These findings could be used as an additional argument to push for cleaner offices that are more transparent and worker friendly. Anecdotal evidence from Cali in Colombia, seems to confirm this: after re-organising and renovating the offices in the city’s town hall, the public servants were reportedly friendlier, better dressed and more punctual; whether or not this is just a short-term effect would need to be investigated.

To pilot, evaluate, and fine tune such type of measures, it is recommended to use rigorous design and impact evaluation. Such tests provide the evidence base for more effective and focused measures. Rigorous impact evaluations are faced with the problem of the counterfactual: after introducing an intervention and comparing an observed change with the baseline from before the intervention, it is difficult to disentangle how

much of the change is attributable to the intervention alone. As with procedures used in evidence-based medicine, such a causal relationship can be identified using treatment groups and control groups. By randomly assigning the innovative measure to a treatment group and observing changes compared to a control group that hasn't been assigned the measure, it is possible to make more confident claims concerning the expected effectiveness of these measures. Such a procedure needs to be carefully designed from the beginning, and guidance may be required for the random assignment and the identification of adequate indicators; but it doesn't need to cost much and can be implemented relatively easily. The UK Behavioural Insights Team has provided a guide on how to design randomised control trials (BIT, 2013). Policy makers will be able to use a stronger evidence base and can make the case for up-scaling innovative interventions with more confidence regarding the expected results.

Summary of proposals for action

- The SFP could consider streamlining the Ethics Code by reducing the number of values listed.
- The SFP could consider removing the Integrity Rules from the Ethics Code and developing, based and building on these rules, a more comprehensive manual or guide in plain language and with sets of examples for the federal public administration for public officials at all levels.
- Organisational codes of conduct should be drafted in a way that clearly lays out their link to the Ethics Code and the LGRA.
- The Co-ordination Committee should clarify that requirements to submit interest declarations do not absolve officials' responsibilities to proactively report and resolve transparently real, potential and apparent conflict of interest situations as they arise.
- Declaration databases should be interconnected to facilitate the validation and auditing of information provided.
- Validation and auditing of declarations should be conducted on a risk-based basis.
- Administered sanctions in relation with the Ethics Code, Codes of Conduct and the Integrity Rules, and the organisational codes of conduct, should be reported to the Ethics Unit of the SFP in order to be analysed and publicised, and to ensure that sanctions are adequate and consistent throughout ministries.
- The guidelines for managing conflicts of interest will need to be updated according to the forthcoming General Law on Administrative Responsibility.
- The Co-ordination Committee should ensure clarity between interest declarations and conflict-of-interest policy.
- The Co-ordination Committee should establish risk-based guidelines for verifying and auditing declarations, leveraging ICT tools and integrated databases as much as possible.
- The SFP should ensure that the guidelines become a living document that is regularly updated and effectively disseminated and used throughout the public administration.

- Mexico could consider transforming the current ethics committees in public sector entities into dedicated units (e.g. integrity contact points) that focus specifically on preventing corruption and promoting a culture of integrity in their respective organisations, rather than on enforcement.
- A network between the ethics committees (or future integrity contact points) could be established to enable the exchange of good practice, discuss problems and develop capacities. The SFP's Specialised Unit for Ethics and Prevention of Conflicts of Interests (UEEPCI), an umbrella unit of these ethic units, could facilitate such a network.
- Mexico could consider institutionalising a closer alignment and stronger collaboration between integrity contact points, as recommended above, and HRM units to ensure an effective mainstreaming of integrity in HRM practices.
- UEEPCI could consider developing a step-by-step guide, or updating the existing guide mentioned above, and include details on how to manage the process of constructing codes of conduct in a participative way.
- The SFP could consider developing a clear integrity capacity building strategy for public administration that encompasses a general introduction, which could be part of induction training, and more specific training tailored to needs or areas.
- Mexico could consider tailoring specific communication strategies to inform key stakeholders of the institutions about the ethics and conflict-of-interest regulations to which public officials are committed.
- Mexico could consider piloting mechanisms based on insights from research in behavioural sciences, and consider scaling-up successful interventions.

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Annex 3.1.

Gifts for officials: Generic law

Definitions

“**Code of ethics**” of a public body means the approved code of ethics of the ministry, department or agency concerned.

“**Current market value**” of a gift means the real market value of the gift on the day it is received.

“**Gift**” includes:

- a) A gift of entertainment, hospitality, travel or other form of benefit of significant value.
- b) A gift of any item of property of significant value, whether of a consumable nature or otherwise, including, for example, display item, watch, clocks, book, furniture, figurine, work of art, jewellery, equipment, clothing, wine/spirits, or personal item containing precious metal or stones.

Meaning of “reportable gift”

1. A “reportable gift” is:
 - a) Any gift made to an official by an organisation, agency or private sector entity.
 - b) Any gift made to an official by a private individual.
 - c) Where the current market value of the gift exceeds the “reportable gift threshold”.*

*Amount of limit to be selected according to policy intention, as determined by regulation.

2. A gift received by an official from a relative, personal friend, or family member in a private capacity and in accordance with normal social custom (such as at a birthday, marriage, religious festival, etc.), or a gift from any source in recognition of service, professional achievement, or retirement), is not a reportable gift. This does not limit the operation of the code of ethics of a public body to the extent the code provides for reporting a gift of a value less than the reportable gift threshold.
3. Where an official receives more than one gift from the same person in any financial year, and the current market value of all the gifts so received exceeds the reportable gift threshold applicable at the end of the year, each of the gifts so received are reportable gifts.

4. If an agency makes more than one gift to the same official, etc. in a financial year, and the current market value of all gifts exceeds the reportable gift threshold, each of the gifts so received are reportable gifts.

Reportable gifts to be dealt with as a physical or material asset

5. A reportable gift received by the official must be dealt with as the public body's accountable asset.
6. A public body may dispose of reportable gifts, after registration, as it determines.

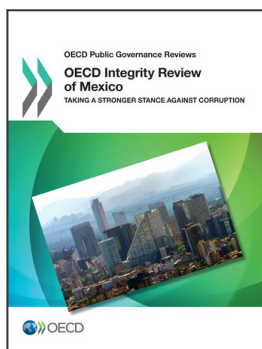
Reportable gift to be declared and accounted for

7. An official who receives a reportable gift must complete a declaration:
 - a) Within 14 days after the gift becomes a reportable gift because it exceeds the "reportable gift threshold".
 - b) For another reportable gift within 14 days after receiving the gift.
8. In the case of reportable gifts, the official must, as soon as practicable:
 - a) Transfer the gift into the control of the official's public body; and by consent, may.
 - b) Pay to the body:
 - i. For gifts that are reportable gifts because they exceed the threshold, an amount equal to the difference between the total current market value of the gifts and the reportable gift threshold for each gift.
 - ii. For any other reportable gift an amount equal to the difference between the current market value of the gift and the reportable gift threshold.
9. Paragraph 1 above does not limit the operation of the code of ethics of a public body to the extent the code provides for reporting the receipt of a reportable gift within a period of less than 14 days.

Register of reportable gifts

10. The public body must keep a register of reportable gifts received by any official of the body.
11. The register must include information about each of the following matters:
 - a) The date the reportable gift was received by the official.
 - b) The persons and circumstances involved in making and receiving the gift.
 - c) A detailed description of the gift, including its current market value and the basis for the valuation.
 - d) The approval for receiving the gift, if relevant, and
 - e) The date the gift was transferred to the control of the body and the present location of the gift, or
 - f) If the official is permitted to retain the gift.

- g) The date and amount of the payment made under paragraph 8 (b), for the gift.
- h) If the gift is disposed of:
 - i. The authority for disposal.
 - ii. The date and method of disposal.
 - iii. The name and location of the beneficiary.
 - iv. The proceeds, if any, arising from the disposal.



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