

Executive summary

Taking its cue from Mexico's National Anti-corruption System, the government of Mexico City created the Local Anti-corruption System (LACS) on 1 September 2017, enacting a package of laws to strengthen the institutional architecture against corruption.

A comprehensive and resilient public sector integrity system based on evidence

The LACS represents a positive step towards developing a harmonised approach to integrity in Mexico City, including the allocation of responsibilities to the key institutions in charge of preventing, detecting and punishing corruption. While the new system should improve co-ordination among these institutions, it could be further reinforced. Establishing a dedicated contact point for anti-corruption in every entity of the city government would send a strong signal of high-level commitment. Under the LACS, civil society was granted an important oversight role through the Citizen Participation Committee (CPC), one of whose members serves as the chair of the system's Co-ordination Committee. However, to improve accountability, members of the CPC should be appointed according to clear and transparent criteria. Similarly, the risk of undue influence in the appointment of the Technical Secretariat could be mitigated by giving the LACS governing body the power to appoint and remove the Secretariat.

Gathering credible, relevant information about the overall effectiveness of the public integrity system is crucial for developing a strategic approach. By using existing data and evidence on corruption, for example from the National Institute for Statistics and Geography (INEGI), the Co-ordination Committee could conduct a systematic corruption risk assessment. Based on this assessment, the Co-ordination Committee could identify the overall goal of integrity policies and priority areas for action. This would form the basis for its annual work plan, with clear institutional responsibilities for each identified policy goal. In addition, Mexico City could develop a monitoring system aligned with the general monitoring framework overseen by the General Co-ordination for Administrative Modernisation, to create a feedback loop based on evidence between policy design and effective implementation.

Building and sustaining a culture of integrity

The review found that Mexico City's government structure is composed of units and bodies whose mandates, objectives and functions overlap. As a result, public servants do not have a uniform understanding of values, principles and practices. The existing normative framework is fragmented and lacks clear definitions of core integrity values as well as mechanisms for promoting and enforcing them.

To clarify these issues, Mexico City could consider streamlining its rules for integrity in a single ethics code that clearly presents core integrity values to public servants. A common definition of conflict of interest could be drafted, and its scope and enforcement mechanisms laid out. In addition, a point of contact could be designated for any questions

about the content of the ethical guidelines or their application. Additional core integrity principles could also be developed, such as those related to gifts and post- and pre-employment rules.

According to a survey by INEGI, 95% of citizens perceive that corruption is frequent in Mexico City. As a result, neither public officials nor citizens feel confident about reporting misconduct. The recently approved Law on Administrative Responsibilities of Mexico City (*Ley de Responsabilidades Administrativas de la Ciudad de México*) establishes a whistle-blower protection framework, requiring reporting channels and ensuring the anonymity of those who report integrity failures. Nevertheless, the Law includes only limited protection for whistle-blowers, since it does not detail any measures that might protect them from retaliation in the workplace.

To set up a legal framework that will encourage reporting, Mexico City could enact a dedicated whistle-blower protection law that clarifies the protection measures available and prohibits the dismissal of whistle-blowers or any other kind of formal or informal work-related sanction in response to disclosure. At the same time, greater efforts are needed to create an open organisational culture, in which civil servants feel confident to express concerns. For example, senior public officials could be trained to provide advice to line officials to encourage them to discuss integrity issues.

Mexico City would benefit from promoting shared responsibility for integrity among citizens and the private sector, seeking their active engagement through awareness-raising activities and citizen participation. Building on recent developments in behavioural science, moral reminders to inform ethical decision-making could be included at the beginning of standard transactions with government. Furthermore, the Mexico City's Ministry of Education could develop content and pedagogical tools for ethics education in schools.

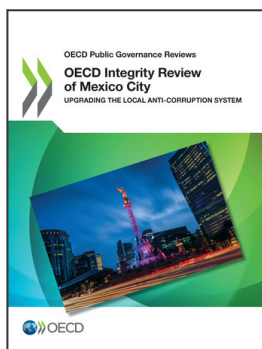
Strengthening and mainstreaming internal control

A strong internal control and risk management framework is critical for protecting integrity, ensuring accountability and preventing corruption in public sector organisations. This framework should align with international models, such as the “three lines of defence”, which allocates responsibilities for internal control and risk management among operational personnel, staff with oversight responsibility and the internal audit function. Mexico City has applied elements of this model, but it could reinforce its framework by clearly separating the lines of defence. Senior management could be charged with implementing risk management, and designing and implementing internal measures. It could also provide guidance and training to staff, and ensure that the framework is supported by an effective and independent internal audit function.

Addressing integrity in public procurement

Public procurement is one of the government activities most vulnerable to integrity risks, given the financial stakes, the number of stakeholders involved and the complexity of procurement processes. In 2016, in monetary terms, about 66% of Mexico City's public procurement was conducted through direct awards and approximately 19% through restricted tenders. In OECD countries, open tenders are common, and Mexico City should adopt legal reforms to reduce the number of legal exceptions to open tender. Similarly, Mexico City should consider developing a tailored anti-corruption strategy for public procurement, strengthening controls on public procurement, encouraging the transparency

of the procurement system by developing a comprehensive e-procurement system (including for public works), and strengthening the review system by introducing alternative mechanisms. Given that the smooth operation of the procurement system requires a skilled workforce, Mexico City could benefit from encouraging a culture of integrity among procurement officials through dedicated training programmes.



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