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Comparative Case Study Research on Public Participation in National-Level Government Fiscal Policy and Budget Processes:

Mexico

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I. Introduction

Mexico is slowly creating opportunities for increased public participation in national-level fiscal and budget processes. Until recently, there were few formal opportunities for the public to provide input on budget priorities, identify mismanagement during execution, or assist in auditing federal programs. Mexico is now slowly opening some elements of the budget process to participation, especially to academics and civil society organizations (CSOs). It is not clear that a seat at the table translates into influence over budget processes, but some civil society participation is evident. The Mexican government is now taking some positive, but timid, steps toward fiscal accountability, though they have yet to achieve this goal in most areas. The result is a country that ranks near the bottom on participation and transparency among OECD countries, but near the top among resource-rich countries. Mexico ranks 23rd out of 100 countries in the 2012 Open Budget Survey and third among Latin American countries. It ranks

sixth out of 58 countries in the Resource Governance Index, which places it second in Latin America.¹

There are now multiple stages of the national fiscal policy and budget cycle where participation is slowly beginning to occur. The Superior Auditing Office (*Auditoría Superior de la Federación* [ASF]) is increasingly committed to participation, as it improved its Open Budget Index participation grade to an A in 2012 from a D in 2006; over this timeframe the ASF created mechanisms such as a fraud hotline and an online citizen monitoring portal that now allow the public to identify agencies, programs or projects that should be audited and to participate in audit investigations as respondents or witnesses. These are relatively recent developments and, while important precursors for future participation, the extent of current participation through the ASF is still weak. In contrast, Congress (OBI grade of C) and the Executive (OBI

¹ The International Budget Partnership's Open Budget Survey (2012) and The Natural Resource Governance Institute's Resource Governance Index (2013).

grade of D) show little commitment to public participation in the budget process: Congress holds few public hearings on the budget and the executive budget process has featured very little public engagement. Moreover, Mexico is the current president of the Open Government Partnership, but has implemented less than half of its commitments on schedule (OGP 2013). This OGP audit and other assessments emphasize Mexico's limited commitment to participation, public engagement and mechanisms to promote accountability, which is in keeping with Ackerman (2013), Fox (2007), González (2013), and López Ayllón and Merino Huerta (2012). In this report, I argue that Mexico has made significant improvements in fiscal transparency that set the stage for more participation in fiscal budget policy processes. Mexico's record on participation is only improving slowly from a very low starting point: participation is only now emerging in a few select areas and fiscal accountability largely remains absent.

I.1. Country overview and institutional context

Mexico is a presidential, multi-party democracy, having transitioned in 2000 from 71 years of single-party governance under the Institutional Revolutionary Party (PRI). It is organized along federal lines with political authority divided among local, state and national institutions. Nationally, power is separated and labor is divided among executive (Presidency), legislative (Senate and Chamber of Deputies) and judicial (Supreme Court, Council of Federal Judiciary) branches of government as well as constitutionally-autonomous bodies such as the Central Bank, the Federal Institute for Access to Information (IFAI), the Human Rights Commission, among others. Mexico has separate legislative and executive powers, but has historically featured a strong executive and a pliant legislature. Three political parties are central to Mexican politics: the National Action Party (PAN), the Democratic Revolutionary Party (PRD) and the Institutional Revolutionary Party (PRI). The Constitution of 1917, with extensive

guarantees for individual and group rights, including the right to freedom of information, remains in effect.

Economically, Mexico ranks as a middle-income developing country. Its national budget expenditures of \$324 billion USD in 2013 give Mexico the 18th largest budget in the world.² Its \$2,723 annual per capita expenditure ranks it much lower, between 60th and 70th internationally, depending on the method of calculation. Its GDP vs. GDP/capita (PPP) tells a similar story: Mexico is the 14th largest economy in the World with a nominal GDP of \$1.2 trillion dollars, but falls to 66th based on a per capita, purchasing power parity measure. Like many other middle-income countries, poverty has fallen rapidly in recent decades, but economic inequality remains quite high and growth sluggish. Mexico's turn toward democracy opened political space for reforms promoting incremental increases in participation and transparency. Broadly conceived, three major waves of reforms have increased opportunities for participation

² This includes investment in energy development through PEMEX, the state oil form.

in national budget processes. These occurred in the late 1990s and early 2000s surrounding the transition from the PRI to the PAN as well as at both the beginning and end of the Calderón administration (2006-2012). Civil society organizations (CSOs) advocated for many of these shifts, such as political decentralization, as a way to give the public more political and economic freedom through local governance, but also to enable opposition parties to gain political footholds at the sub-national level. Increasing transparency has facilitated some small movements in favor of participation in national budget processes. The Fox administration passed a series of laws in favor of transparency at the national level after the 2000 election (See Figure 1 for a timeline of this legislation. Also IADB 2014; OECD 2009). These efforts improved CSOs' ability to monitor government behavior by opening a window into public expenditures, but rarely provided for more than reactive public participation, such as through government responses to citizens' FOI

requests (López and Merino 2012; Ackerman 2013; Fundar 2013)³

Improvements in national-level fiscal transparency have been essential for the recent emergence of narrow budget participation at the national level. Mexico has gone far to improve fiscal transparency. Though this report is not about transparency, the Mexican Government's emphasis on fiscal transparency is ongoing and transparency is increasingly established in national-level budget processes. The executive branch under the Fox and Calderón administrations (2000-2012) drove the legislative effort to increase transparency and the legislature played an important supporting role: PAN legislators never held majorities in the Chamber of Deputies during this process and often lacked pluralities as well. The executive branch therefore required legislative cooperation from opposition parties to reform laws in favor of

³ CSO and other public participation in the budget process was not codified, publicized or open to all, but did occur through regular meetings during this era (de la Mora 1/23/ 2015; González 1/19/2015; Mejía 1/21/2015). Evidence of CSO influence on budget processes is very thin, but some participation does occur.

transparency and more recently, participation. Legislators in Mexico's Chamber of Deputies also provided opportunities for more civil society participation in the budget process by inviting and including technical assistance from CSOs in budget analysis once the executive began promoting open budgets. Transparency has a decade-long head start on participation at the national level, but both may work to bring about accountability if they are fully established sometime in the future.⁴

I.2. Civil society participation

The majority of participation in the fiscal policy budget process occurs through expert-based, pro-transparency, pro-human rights CSOs such as FUNDAR, GESOC, Transparencia Mexicana, México Evalúa, Alianza Cívica, among others. Consulting with academics at CIDE, Ciesas, and other institutes is also increasingly common. These academics' and CSOs' collaboration with technocrats

⁴ As Fox (2015, 2007) argues, the incentive structure facing politicians and bureaucrats may also need to change if transparency and participation are to produce accountability.

in the Mexican government and champions of reform in the legislature has been important for improving transparency and then making small gains toward participation. CSOs have been active in pressuring the Mexican government through analyzing national expenditures and publishing the results of analysis for years prior to Mexico's democratic transition. A wave of federal reforms following the 2000 elections allowed CSOs a narrow, informal opening through which sporadic participation occurred through 2011 (Gonzalez 2013; López and Merino 2012; de la Mora 1/23/ 2015; González 1/19/2015; Mejía 1/21/2015). Now, many similar groups collaborate with the government through the Open Government Partnership (2011) and the Accountability Network (*Red por la Rendición de Cuentas*, 2011). Organizations belonging to these groups also continue to train journalists and NGO representatives, but now include government officials in specialized training programs to aid compliance with legal transparency and accountability commitments.

There are some examples of the government changing policies to improve service delivery, reduce corruption and generally improve governance based on public participation in and oversight of fiscal policy and the government budget processes (e.g. *Provida*, a women's healthcare program (Sugiyama and Hall 2002); new opportunities to engage policy makers and influence local education budgets (Secretaría de Educación 2014)). Each of these areas feature an identifiable fiscal policy shift based on active, though not codified or required participation on the part of civil society. In these cases, freedom of information requests allow civil society and journalists to uncover evidence of waste, fraud and mismanagement. Coverage of these revelations than draw public attention and, in conjunction with CSO pressure, convinced members of the Chamber of Deputies to take action to adjust or eliminate spending in a particular area (Sugiyama and Hall 2002). Yet examples of CSO participation altering spending priorities are few and far between in Mexico. Those mentioned in this report showcase

the potential for meaningful participation, but also how rare clear evidence of CSO influence on budget processes is.

I.3. International Commitment Mechanisms

Mexico joined the Open Government Partnership in 2011 and became a co-chair in 2013. Since then, the government has made and increased its commitments to participation and transparency ranging from publishing data on revenue from extractive industries (oil, in this case) to infrastructure spending to higher education to the national budget. Beyond transparency, Mexico has also made formal commitments to participatory efforts such as participatory protection of the environment, the creation of a portal to encourage public participation in solving other government-identified problems, and the publication of budget and management information on specific, local public works projects to allow for citizen monitoring in this area. Mexico is not a party to the Extractive Industries Transparency Initiative (EITI), but it has

made a commitment to join the EITI agreement as part of its current Open Government Partnership Action Plan covering 2013-15 (OGP 2013). Joining the EITI would bring additional international oversight and monitoring to an area where Mexico has found fulfillment of its OGP commitments to be difficult and perhaps make transparent PEMEX, an important source of national revenue. Mexico has also ratified International Labour Organization (ILO) Convention 169, which protects indigenous rights and requires consultations on all issues that impact indigenous peoples, including budgets. Opportunities for some forms of budget participation are thus required of Mexico as a party to the convention and have been recognized in some predominantly indigenous areas, such as Chiapas (Gilbert 2006). Mexico's indigenous groups have not experienced many concrete gains as a result of other institutional reform efforts within the country (Eisenstadt et al. 2013) and still remain the worst off in areas that successfully incorporated ILO 169 and indigenous rights into state constitutions

(UNDP 2010). The OGP agreement has had more impact than ILO 169 in terms of participation in national-level budget processes and is therefore the focus of my analysis in this section.

The government collaborated with a group of civil society organizations to implement the OGP agreement and adjust it to the Mexican context. The Mexican Government and the OGP established the Tripartite Technical Secretariat (STT) within the OGP in 2011, which created an institutional venue for ensuring compliance with OGP commitments as well as dialogue between the government and civil society. The STT consists of a representative from the Mexican Federal Government, the Federal Institute for Access to Information (IFAI) and a Civil Society Organization Committee (SCO). It includes one representative allocated one vote each from civil society organizations (one total from the 8 that participated in implementing the OGP), the representative from the Presidency, and the representative from IFAI. The STT assisted in creating Mexico's second National Action Plan and votes to

add or modify any of Mexico's official commitments as Action Plans are implemented. It is charged with monitoring implementation of Mexico's commitments, though its votes on each item under discussion are not publicly available.

An independent, OGP audit of the Mexican government's compliance with OGP promises shows Mexico now has 26 official commitments in transparency and participation, but has implemented less than half on schedule (OGP 2013). This audit and other assessments suggest compliance is lowest surrounding participation: there are no legal requirements for participation in national budget processes and neither the executive nor the legislative branches of government are very active in promoting codified, required participation. Compliance is greatest in terms of fiscal transparency. There is now regular publication of data on a wide variety of topics from finances, to education, to healthcare is increasingly commonplace and the information is often accessible to broad swathes of the public, not just buried deep within a government web

site or accessible only through specific requests (OGP 2012). Mexico is farther behind in terms of implementing oil industry-related measures, measures designed to increase transparency or accountability in the private sector and engaging civil society. This places Mexico 23rd out of 100 countries that participated in the Open Budget Survey.⁵

Mexico's Open Budget Survey (OBS) scores reflect low-level budget participation, but mid-range transparency commitments. Still, participation has been increasing since 2006- especially in the Superior Auditing Office (*Auditoría Superior de la Federación* (ASF)). The ASF improved its participation grades from a D to an A from 2006 to 2012. The ASF received D and C grades on public engagement sections of the OBS in 2006 and 2008, due to its lack of formal mechanisms through which the public can participate in the audit process. It

⁵ Mexico's scores on Transparency International's Annual report (106/177) place it much lower- these scores emphasize corruption and accountability, thus bolstering the assertion of increased budget transparency, but without major improvements in accountability.

improved its performance to an A in some areas in 2012 by creating mechanisms such as a fraud hotline and online citizen monitoring portal that allow the public to identify agencies, programs or projects that should be audited and to participate in audit investigations as respondents or witnesses. In similarly positive news, the ASF received an A grade in making the public aware of its reports. It still retained a D grade in other areas for failing to issue reports summarizing the public input it receives or describing whether/how it uses these reports throughout the auditing process. Congress (C grades) and the Executive (D grades) show little commitment to public participation in the budget process: Congress holds few public hearings on the budget and the executive budget process has featured very little public engagement until recently.⁶ The launch of the Budget Transparency Portal and the publication of an annual Citizens' Budget will likely improve Mexico's ratings in the next OBS.

⁶ The launch of the open budget portal and the publication of an annual Citizens' Budget improved matters in this area.

Similarly, there is now regular, informal CSO participation in budget matters within the executive and legislative branches of government. The evidence for CSO influence leaves much to be desired, but CSO presence in budget discussions is a form of participation that OBS grades may not reflect.

Mexico's reforms represent the beginning of a general commitment to transparency, but not to participation at the national level. Improvements in fiscal transparency and increasing participation have yet to translate to fiscal accountability: actual spending is frequently much greater than budgeted spending and is often politically

motivated, as evident by spikes in election years. (Ackerman 2013; Fundar 2014). Furthermore, budgets for line ministries or other public entities are rarely cut following low performance evaluations, though the existence of these performance evaluations represents an advance over Mexico's experience through the 1990s. Mexico has thus advanced in fiscal transparency in that public entities' performance is now evaluated and the results published. But Mexico has pursued little public participation in national budget processes and still features an ultimate lack of accountability for most public programs.

II. Setting the Stage for Reform

Mexico's transition to competitive, multi-party elections in the 1990s and 2000s opened political space for reforms, some of which were already underway by that time (Shirk 2002; Fox 2007; Weyland 2004). Many, such as political decentralization, allowed for opposition parties to gain political footholds at the sub-national level. Civil Society organizations supported these reforms and began budget analysis designed to improve participation, transparency and accountability prior to the PRI's loss of the presidency in 2000 (Sugiyama and Hall 2002). Many members of the newly-elected Fox administration (PAN) had reformist credentials from their time in opposition to the PRI and promoted a series of laws in favor of fiscal transparency at the national level once in office- though these laws did not promote participation (de la Mora 2015; González 2015; Herrera 2015; Cejudo 2015; Mejía 2015).⁷ The reforms thus made it more difficult for the PRI to return to the presidency or for any single party to dominate Mexican politics through opaque distribution of state resources, but did not offer codified opportunities for participation in fiscal policy processes.

New programs, laws and institutions were also implemented under the broader conditions of decentralization as well as the transition to a new, evolving multi-party electoral landscape. These shifts provide opportunities for experimentation with participation at the local level, such as through participatory budgeting and are tied to a broader package of social, constitutional and legal reforms. Socially, fiscal transparency reforms are connected to a set of major poverty reduction programs (Oportunidades/Prospera {Fiszbein and Schady 2009}) and policy actions to improve

⁷ E.g. Federal Transparency and Access to Public Information Law (2002), Federal Law on Administrative Accountability of Public Servants (2002), Law on Transparency and Access to Public Information (2003) as well as the Federal Law for the Development of Civil Society Organization Activities (2004), 2007 Integral Fiscal Reform, which created a performance budgeting framework, the 2007 ISSSTE Reform Law, which created more sustainable social security pension system and the 2008 General Fiscal Accounting Law. The Chamber of Deputies' Budget Committee invited expert testimony in some of these cases, but this testimony was not always public and it is unknown whether and how it may have moved these pieces of legislation forward.

well-being (e.g. Healthcare reform {Frenk 2003}). The 1988 election increased international attention on Mexican politics and incentivized the PRI to support reforms in some of these areas in the 1990s- with many serving as a potential way to retain office in the face of popular dissatisfaction (Finkel 2005).

Constitutionally, fiscal transparency has increased following reforms in several important areas. First, reforms of articles 73, 74, 78 and 79 in 1999 coupled with the Federal Superior Auditing Act, of 2000 improved the Superior Audit Office's (ASF) ability to monitor federal expenditures (International Organization of Supreme Audit Offices 2014). Once empowered, the ASF has slowly incorporated participatory elements to its auditing operation to draw on expert advice at the national level and enhance oversight at the local project level. Second, Mexico's legal right to freedom of information is protected under the Constitution, but there were few formal regulations governing whether and how information would be delivered following a request prior to this wave of reforms. For instance, the Federal Law of Transparency and Access to Public Government Information (2002, FLTAGPI) mandated a federal response to citizens' formal information requests for the first time. This legislation also created the Federal Institute for Access to Information (IFAI) in order to retrieve information in the face of federal intransigence to Freedom of Information requests and oversee information availability in many areas. Though limited by their small numbers and lack of resources, civil society organizations and individual citizens now have more opportunities to participate in and influence budget processes via freedom of information requests, and growing connections with the media.

Legally, a wide variety of legislation passed following Vicente Fox's 2000 election that increased fiscal transparency and improved the prospects for participation, as discussed above. The Calderón administration (PAN, 2006-2012) continued these reforms by passing the 2006 Budget and Fiscal Responsibility Law, the 2007 Integral Fiscal Reform, which created a performance budgeting framework, the 2008 General Fiscal Accounting Law, by publishing the first national Citizens' Budget, and by launching a Budget Transparency Portal online to encourage participation. The first few years of

the Peña-Nieto Administration (PRI, 2012-2018) have also featured continued legal improvements in fiscal transparency such as new laws governing transparency and access to information, accounting and reporting practices across federal, state and local levels of government and a 2015 effort to apply transparency laws to federal transfers to state and local governments. The ability of citizens, academics, and civil society organizations to access information has in turn allowed them to push for more participatory opportunities. Though not required by law, agencies in the executive branch, the budget committee in the Chamber of Deputies and the Superior Audit Office all regularly incorporate some meetings with experts on fiscal policy and public input from citizens into national budget processes.

Many of Mexico's reforms in favor of transparency and participation occurred while the PAN held the Presidency, but no political party has a monopoly on credit for these efforts: the Mexican public has a deep mistrust of political parties and, in many surveys, does not evaluate Mexico's transparency gains as positively as policy experts (Fundar 2014). Nevertheless, the PAN is associated more with transparency legislation compared to the other two major parties because the PAN's success in the Northern states was built in part on a "good government" platform (Rodríguez 1995), which carried over into action at the national level (Mizrahi 2003; Shirk 2005). In practice, reforms often emerged from the federal agencies with technocratic support and those promoting participation are not legally required (SHCP 2014). Individual politicians receive credit as champions of fiscal participation and transparency as members of the Chamber of Deputies' Budget Commission- especially those members from opposition parties (Cejudo 2015; González 2015; Mejía 2015). Once term-limited out of office, these legislators frequently find employment in government agencies where they can then continue to push for transparency. CIDE, IFAI, FUNDAR, GESOC, and 35 other public, academic policy analysis and civil society entities who are members of the Accountability Network (*Red por la Rendición de Cuentas*) receive credit for sophisticated monitoring of budget expenditures/revenues and dissemination of information to groups and

individuals that promote transparency, participation and accountability at the local, state and national levels (Herrera 2015; Mejía 2015).

Chronology of Social Participation in the Mexican State:

1917 until the end of the 1990s

1917: The Mexican Constitution of 1917 provides the legal framework for transparency as well as accountability in many areas. It guarantees public access to information and establishes rules designed to prevent conflicts of interest for the President, the Cabinet, legislators and government employees.

1977-1982: The government reaffirmed the right of every citizen to access information and be informed and reformed the 6th article of the Constitution to make the State the guarantor of that right. The Secretary of Governance gave a public speech calling for more citizen participation in public affairs so that the government could identify and resolve problems. This resulted in an expansion of operational space for civil society, academic policy institutes and the public to press for political reforms. In 1982, Mexico signed the Declaration of Principles on the Rights to Information, which pledged the government to providing public

1991-1995: The Mexican Government creates PRONASOL in 1991 to embark on economic development projects in numerous areas (Education, Healthcare, Transportation, Regional Improvements), at least in partial response to the PRI's desire to avoid electoral defeat. The government also created the Social Accounting Program to work with the Secretary of Social Development's office to help the public monitor federal expenditures on PRONASOL projects and other public works. The Zedillo administration's 1995 National Development Plan acknowledges the lack of effective mechanisms to allow for public participation in politics, but argues that the responsibility for providing such mechanisms lies with national and local legislatures.

From 1996: Civil Society Organizations such as Civic Alliance and the newly-founded Equidad de Género, Ciudadanía, Trabajo y Familia publicize budget analysis and emphasize areas where public officials are engaged in malfeasance (the President's "secret fund") and areas where citizens receive disproportionately

1998-99: Establishing the Center for the Study of Public Finances (Centro de Estudios en Finanzas Públicas, CEFP) in the Chamber of Deputies improves research and advisory capacities for independent budget analysis. It also sets the stage for CSO and academic participation in federal budget processes as

1999: Constitutional reforms of articles 73, 74, 78 and 79 of July, 1999 also increase provisions for federal budget oversight through new institutional monitoring and transparency requirements.

2000s

2000: The government passes the Federal Superior Auditing Act of December 2000, which reforms Mexico's Superior Audit Office and endows it with the authority to audit all federal activities and expenditures. The government also passed the Law of Acquisitions, Leasing and Services for the Public Sector, which reforms and strengthens conflict of interest provisions for public officials. It also opens the door for public participation in audits of federal programs.

2001-2002: The Fox administration's National Development Plan (2000-2006) counts public participation in politics as a key facet of Mexican governance and democracy. No specific participatory reforms stem from this document, but the Plan lists more than a dozen areas where participation could be improved- a first for Development Plans.

2002-2004: The government passes the Federal Transparency and Access to Public Information Law (2002), which for the first time establishes procedures through which citizens and CSOs can access government information- this law also requires a government response to such requests and created an agency (IFAI) to intervene when another government agency refuses to provide information. The government also passes new regulation on the Law on Transparency and Access to Public Information (2003) as well as the Federal Law for the Development of Civil Society Organization Activities (2004), which created measures designed to increase CSO participation in federal politics. For the first time, the law outlined specific CSO rights, responsibilities and expectations and tasked specific federal entities with ensuring CSOs were able to exercise these rights and maintain these responsibilities. The Public Function Secretary currently carries out this mission.

2006-2008: The Calderón administration continued the Fox Administration's work in transparency and accountability by passing the 2006 Budget and Fiscal Responsibility Law, the 2007 Integral Fiscal Reform, which created a performance budgeting framework, the 2007 ISSSTE Reform Law, which created more sustainable social security pension system and the 2008 General Fiscal Accounting Law, which aligned budgeting and accounting practices at local, state and federal levels. There were few public expert consultations on these laws, though the Chamber of Deputies Budget Committee did invite experts to testify in some cases.

2010-11: The Ministry of Finance and Public Credit publishes the first Citizens' Budget, which explains the budget in a clear way. The Budget Transparency Portal (online) publishes information on expenditures and officials' income for the first time (2011).

From the 2010s

2011: Federal Institute for Information Access and Data Protection signs official agreement with other government agencies to maintain open data and publish regularly spending and performance data.

2011: Mexico began the process to join the Open Government Partnership in 2011. Since then, the Mexican government has made 26 different participation and transparency commitments ranging from engaging the public throughout the budget processes to publishing data on revenue from extractive industries (oil, in this case).

2014: New Transparency laws (Ley Federal de Transparencia y Acceso a Informacion Publica require more information on Federal expenditures and cover transfers to state and local governments. A new law under discussion will cover federal transfers to state and local governments in transparency and accounting requirements as well.

2014: The Ministry of Finance and Public Credit reforms the Budget Portal, which expands the information available and presents it thematically and connects it to specific local projects through a map. Site visits expand dramatically, as do public denouncements of waste and fraud for individual projects.

LEGEND:

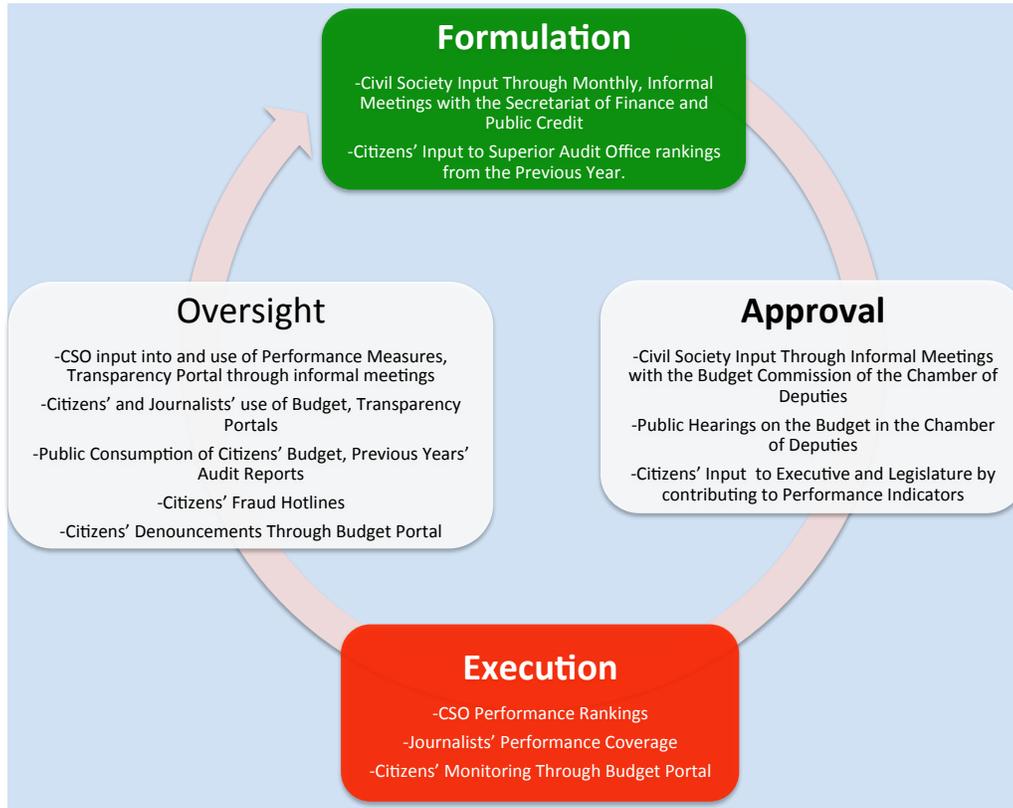
Social control mechanisms

Participation mechanisms

III.Windows of Opportunity

Figure 1

Windows of Opportunity: Current Participation in the Federal Budget Process



III.1. Executive Branch: The Secretariat for Finance and Public Credit

The Secretariat for Finance and Public Credit is the Executive Branch ministry most directly involved in the entire budget process.⁸ Different branches of the Secretariat are responsible for creating and maintaining the Budget Transparency Portal, writing and publishing Citizens documents and publishing performance indicators. The SHCP thus engages the public *ex ante* with its citizens' budget, *ex interim* by publishing performance indicators and the approved budget from the previous year, and *ex post* by making accessible the actual expenditures from the budget for the year prior to that. The Secretariat is responsible for collecting budget management data and sorting it by project, program, theme and ministry along many dimensions throughout the expenditure process. They are also responsible for publishing this information in pursuit of performance budgeting.

Public participation is improving through consumption of budget information, but direct engagement remains primarily informal and occurs through private, unpublicized meetings with CSOs based on personal and professional networks. Some sub-secretariats, such as the Sub-Secretariat for Expenditures, encourage expert CSO participation in budget transparency and performance analysis by holding monthly informal meetings with CSO members. Representatives from policy analysis centers are also present at these meetings, which increase civil society's access to information and input into program reforms. These meetings are neither uniform nor codified: legal mechanisms mandate transparency, but not participation. The SHCP does not publish data on which policy experts or CSO representatives attend the regular, informal events. There are also no public minutes surrounding these discussions, but the SHCP and

⁸ Antecedents of the SHCP date to 1821, with the creation of the *Secretaría de Estado y del Despacho de Hacienda*.

CSOs agree that they include budget preparation, implementation and evaluation across the entire range of federal programs (Cejudo 2015; Mejía 2015). CSOs have presented demands to expand formal meetings through the Open Government Partnership (OGP 2015), though it is unknown whether CSOs have proposed to expand their informal relationship with the executive branch. Evidence for CSO influence on budget processes is thin and limited to a few select cases. However, it is also apparent that CSOs have some presence in budget discussions that they did not have prior to Mexico's democratic transition.

There is an extensive performance budgeting framework that continues to be reformed. The Performance Evaluation System (SED), housed in the SHCP, now performs hundreds of studies a year and evaluates public programs on hundreds of different measures (Pérez-Jácome 2012).⁹ The Inter-American Development Bank ranks Mexico as one of Latin America's most advanced countries in Performance based Budgeting implementation (Garcia and Garcia, IADB 2010; Marcel et al. IADB 2014). Mexico is also one of the only countries in the region that publishes all of its performance indicators. The program is showing signs of progress: 90% of programs demonstrate improvement over time according to the SHCP. The SHCP is a powerful ministry and it may also have informal influence through creating and publishing performance measures that motivate other ministries or programs to improve so as not to find themselves in last place (Cejudo 2015; Mejía 2015). However, accountability will only be achieved when funding shifts away from programs that do not show improvement.

The quality of SHCP reports are improving and the performance evaluations continue to be a useful tool for policy experts/ members of civil society. The SHCP does not regularly publish the site visits it receives or the profile of those visitors, but this data is publicly available. It is also encouraging: visits to the Budget Transparency Portal jumped to several hundred thousand per month following its reconfiguration in 2014. This revision eased public access to information for specific programs and improved the

⁹ This is similar to Brazil's CGU, which also provides extensive performance evaluations of public programs.

ability to access information based on geographic searches. The SHCP also publicized and promoted the new site more actively. The site is on pace to more than double its visits if this trend continues (SHCP 2015), with unique, new visits representing 72% of the site traffic in 2014. These site visits can also help solidify the SHCP's interdependence with the Superior Audit Office (ASF). The ASF relies on quarterly reports from the Secretariat of Finance and Public Credit at the federal level. At the state level, the SHCP also works with supreme audit institutions as well as local governments and NGOs, given its mission to evaluate every program receiving public funding. Like the ASF, it thus also engages other institutions both vertically and horizontally. One of the factors that explains the SHCP's recent push for transparency and participation is the leadership of Luis Videgaray as Minister. Videgaray has been Minister since 2012 and was appointed by President Enrique Peña-Nieto following Videgaray's service as President of the Chamber of Deputies' Budget Commission. Videgaray pushed for many of the reforms the SHCP has implemented while a member of the opposition (PRI) during President Calderón's Administration (PAN). Videgaray and other opposition legislators have been able to implement some of their proposed reforms once in office after the PRI's return to the presidency in 2012.

III.1.1. Remaining Challenges

The executive branch has yet to use more than limited public participation; in part because there are no formal requirements for participation at any stage of national budget processes. The Open Budget Survey emphasizes this lack of required public engagement and awards the Executive D grades on every aspect of the survey that emphasizes participation (it scores much higher on transparency). Informal meetings between academics, CSO representatives and policy makers in the SHCP and ASF do occur and are likely better than no meetings at all. The effectiveness of such participation for accountability depends on fiscal transparency, however. The executive branch has failed to fully embrace transparency and its ability to publish comprehensive, regular

budget information as well as performance evaluations is far from certain. The Mexican government received a World Bank loan of \$USD 17 million in 2011 to improve technical capabilities within the ministry and expand their efforts toward participation and transparency in this area. The Bank and Government agreed to a new, much-reduced loan amount (\$USD 4 million) after the election and placed responsibility for the project exclusively in the hands of the Sub-secretary of Expenditures within the SHCP after the rating the previous efforts “Moderately Unsatisfactory”. The revised program also removed the Public Administration Ministry from the project. This example showcases the challenges of sustaining participation efforts; fiscal policy experts from the academy and civil society cannot serve expertly if they lack information. The example also highlights the source of some of the drive for the small improvements in participation. Technocrats within ministries, some of them formerly opposition legislators in the Chamber of Deputies, are instrumental in pushing government action forward- often without a formal legal requirement they do so such as though reforming the budget portal, engaging the public, and incorporating informal assistance from civil society (González 2013; Mejía 2015).

III.2. Legislative Participation:

There are few specific procedures or mechanisms available within legislative deliberations on the budget for public/CSO participation. No regular public hearings are held on the macroeconomic and fiscal framework in which testimony from the executive branch and the public is heard. A small number of public hearings in which public testimony is heard do occur, but they are held at the pleasure of the commission in question. The Budget Commission does hold some hearings, but there is no legal requirement or formal mechanism compelling them to do so. The Budget commission also releases the records of its hearings, but this only represents their willingness to

follow a norm- there is no requirement that such records be released. The lack of such requirements lead to the Mexican legislature's average of a C grade in the 2012 Open Budget Survey (up from a D average in earlier years).

Legislative budget analysis capacity is low compared to that of Mexico's executive branch (González 2013) as is legislative authority over budget matters in general (Manzetti and Morganstern 2000; Mainwaring and Welna 2003). The Chamber of Deputies' Budget Committee in general and the opposition members of this committee in particular began to invite testimony, both informally and formally from civil society budget experts, as they attempted to exercise more control over budget matters. This represents narrow participation in the budget process, but it may serve to improve transparency, even if the legislature only adjusts federal spending by a few percentage points, as Ackerman (2013) notes. This is because journalists using freedom of information requests and civil society organizations performing budget analysis may catch at least the most egregious of cases of waste, fraud and mismanagement and publicize these cases for the general public (journalists) and for Budget Commission members (CSOs).

Legislative Participation: The *Provida* Case. The Mexican Congress passed legislation dramatically increasing funding for women's health in 2002, in part due to CSOs' ability to pressure the government and ensure spending compliant with a public mission. A group of CSOs including, Grupo de Información en Reproducción Elegida (GIRE), Salud, Sexualidad y SIDA, Fundar, Consorcio para la Equidad y el Diálogo Parlamentario, Equidad de Género, Ciudadanía, Familia y Trabajo, Letra S, and Salud Integral para la Mujer (SIPAM) used Mexico's new transparency laws to discover *Provida*, a pro-life, anti-family planning, anti-gay group was organizing women's assistance centers and was not promoting AIDs prevention or treatment (International Budget Partnership (IBP) 2008). Additionally, civil society investigators discovered *Provida* received more than 100 times the legal-maximum in NGO funding, then misused almost all of the funds. These revelations were front-page news for months in Mexico, which was instrumental in ending legislative support for funding *Provida* and for promoting improvements in transparency and freedom of information infrastructure. It also helped improve connections between

III.3. The Superior Audit Office

The Superior Audit Office (ASF) is a legislative-branch entity that serves as an external auditor for the three branches of the federal government, other autonomous bodies at the federal level (e.g. the Federal Elections Institute (IFE), the Federal Institute for Access to Information (IFAI), the Attorney General's office), and the states and municipalities and individuals, when they use federal resources. The Superior Audit Office was reformed in 2000 and now evaluates financial management throughout the government and checks for compliance with the federal budget and each budget's accompanying Revenues Act. The chartering legislation for the ASF guarantees legal protection against interfering with auditors, timely audits, public reports, open elections for the auditor general and generally promotes transparency and accountability in all branches of the Mexican government. The ASF is an example of an interlocking institution in both horizontal and vertical terms. Horizontally, the ASF relies on quarterly reports from the Secretariat of Finance and Public Credit (Executive Branch) at the federal level and has a formal agreement with the autonomous Federal Institute for Access to Information (IFAI 2006) to promote transparency. Vertically, the ASF works with supreme audit institutions at the state level and local governments and NGOs, given its mission to evaluate every program receiving public funding.

Most of the ASF's audits are accounting-based at the end of a cycle, not performance-based. The Office also increasingly audits public sector performance as well as accounting practices and now performs audits of the tax expenditure budget in addition to direct public spending. The ASF currently conducts hundreds of both accounting and performance audits of individual entities using public funds to assess the extent to which these entities are spending these funds in a manner consistent with their public missions. It then presents and publicizes its financial audit reports on an annual basis. It also contributes press material and films/promotes television programs on an ongoing basis.

The ASF is the central actor promoting a variety of participatory venues of Mexico's budget. The ASF's main role is to inform the public of its audits through press releases, television programming and its annual report. It also provides feedback to specific agencies/entities on request. Furthermore, the ASF promotes participation by encouraging the public and government officials to report misuse of funds and request audits. This comes in the form of soliciting public comments online and operating a call center/fraud hotline covering all public expenditures. The ASF primarily collaborates with national elites and expert allies through private meetings, but has recently also reached out to individual whistle-blowers in government agencies. The organization creates a feedback loop between its reports, public input, and future audit choices as part of its regular duties because internal whistleblowing and denouncements from the public inform the decisions to audit specific programs. Those audits then contribute to reports on fraud or mismanagement, which may contribute to change within a federal program. Any changes or reports of mismanagement would then encourage more whistleblowers or citizens to come forward and identify programs in need of auditing.¹⁰ The ASF releases several audit analyses to the press and sponsors an expert-led television program, often including CSO representation each week. These materials fall on the spectrum of citizen's usefulness from nearly incomprehensible (the large annual report) to easily accessible (journalism based on audit press releases or television commentary).

There is evidence the ASF is working: ASF reports contend claims of requests for intervention from publicly-funded entities fell by 90% between 2001 and 2008. Furthermore, the number of cases in which the ASF established compensatory liability increased by more than eleven times during this timeframe, suggesting the increased capacity and established legitimacy of the office. The ASF has a form of retroactive budget veto power in terms of its ability to recuperate misallocated or misspent money (\$USD 6 Billion from over a hundred cases between 2001 and 2012 Source: ASF

¹⁰ The ASF does not release information describing precisely how it uses public input and still performs poorly (D grades) on Open Budget Survey questions in this area.

2015a). The ASF also reallocates money as it collaborates with public agencies/entities to resolve accounting issues on a case by case basis (1,042 cases between 2001 and 2012 Source: ASF 2015a). It has offered up over 300 criminal denouncements to the Mexican justice system since 2001 based on the criminal activity its audits revealed.¹¹ 300 criminal cases over 13 years is not a lot based on the country's low performance on corruption indices. However, this is an increase over the very low expectations for combating corruption prior to the country's democratic transition in 2000. The amount of public participation in terms of comments and observations has also increased steadily from the founding of the organization to the present, with comment numbers doubling every few years. The ASF thus empowers the public, the press and government whistleblowers through elements of *Voice* (publishing reports), *Vet* (performing audits), *Veto* (recuperating/reallocating funds) and *Verify* (performing successive audits with penalties attached for non-compliance).

In one sense, the evolution of the ASF is the best evidence for its increasing efficacy. As discussed above, it now incorporates public participation in its auditing process when it did not at all as recently as 2008. Much like South Korea in the mid-2000s, Mexico's ASF determined that investigating citizen complaints in areas where they suspect misuse or malfeasance was an important function of the office that reaped participatory benefits as well as good tips. The Open Budget Surveys corroborate government evidence of an improved ASF, with the Audit Office seeing the most improvement of any federal entity in terms of its 2012 scores. The ASF lacked formal mechanisms through which the public could participate in the audit process in 2008 and received a D grade on the question covering this area (#123). It improved its performance to an A for this category in 2012 by creating mechanisms that allow the public to identify agencies, programs or projects that should be audited and to participate in audit investigations as respondents or witnesses. In similarly positive news, the ASF received an A grade in making the public aware of its reports in 2012. This shift in ASF

¹¹ The Ministerio Público took 274 of the cases, the number of convictions/penalties is unknown. Source: ASF 2015b.

performance coincided with Mexico joining the Open Government Partnership, the publication of the Citizens' Budget and the creation of the Open Budget Portal. It reflects increased pressure from within the government as well as from civil society to improve participation and transparency in Mexico and also improve the country's position in international rankings such as the Open Budget Survey.

III.3.1. Remaining Challenges

The quality of ASF reports are excellent- they are thorough and, by most accounts, technically sophisticated/accurate. The timeliness of information the ASF provides citizens leaves much to be desired. The ASF performs its audits at the end of the fiscal year and doesn't release its reports until April of the next year- long after the next year's budget is passed and almost halfway through its implementation. This schedule offers few possibilities for using ASF audit reports to alter spending in any given two-year budget cycle. Moreover, the ASF still received a D grade in the 2012 Open Budget Survey for failing to issue reports summarizing the public input it receives or describing whether/how it uses these reports throughout the auditing process. The lack of improvement in this area reflects the incremental pace of Mexico's reforms and its generally passive nature: the Mexican Government has made information it already collects available in most areas, but proactively creating and disseminating new reports, such as those detailing public input and its uses in auditing is more difficult and requires more resources. The window of opportunity for meaningful participation is thus limited by the timing of the audit reports and the lack of knowledge surrounding the extent to which public input is incorporated into future budget decisions. Participation in national budget policy processes is therefore more difficult to achieve across the federal government where there is only partial commitment to full, proactive disclosure- even in the ASF.

Civil Society-Led Participation: Elimination of President Salinas' Secret Fund.

This example describes how civil society organizations increased transparency and accountability in the Executive branch by targeting Presidents Carlos Salinas and Ernesto Zedillo's use of a "secret fund" while in office (1988-2000). Beginning in 1994, revelations in the press suggested the President was using a "secret fund" to reward allies and buy off opponents through off-the-books spending (Ard 2003; Morris 1999). The Civic Alliance, a precursor to the CSO FUNDAR, mobilized around this "secret fund" as well as opaque, largely- discretionary increases in public officials' salaries and benefits (IBP 2000; 2013). The group mounted an information transparency campaign requesting an account of executive expenditures and salaries based on the constitutional right to public information. Several courts ruled in Civic Alliance's favor, but the President refused to turn over the requested information. Civic Alliance publicized this refusal widely in the media until members of opposition parties in Congress intervened to uncover key attributes of a secret fund totaling several hundred million dollars, the high, unregulated, untaxed salaries of public officials and extensive discretionary, extra-budgetary spending in government ministries.

President Zedillo eventually eliminated the fund altogether following bad press and the loss of the PRI majority in Congress (Ard 2003). A select group of CSOs now participates in Mexico's budget process by networking with government ministries such as the SHCP, IFAI and the ASF, legislators, academics at CIDE and other institutes and the media. Some of these networks are formal and occur through the Open Government Partnership and the *Red por la Rendición de Cuentas* (RRC). Some results of this participation include a national increase in funding for maternal health, women's health and HIV/AIDS prevention programs (by approx. USD \$50 million, Sugiyama and Hall 2002), improvements in these programs (Knaut et al. 2012; Ocejo 2013) and a reconfiguration of the Procampo payment system for farmers so that it benefitted the poor (Cejudo 2012; Mantiel 2014).

III.4. Subnational Case Study: Participatory Budgeting and a Human Rights Budget in Mexico City

The federal constitution permits more local experimentation with budget participation than may be easily accomplished at the national level. Participatory budgeting programs have emerged in important locales, such as Mexico City and the states of Oaxaca, Durango, Guerrero, and Michoacán. Mexico City's vibrant participatory budgeting program engages hundreds of thousands of citizens in district-based budgeting processes across the city. The participatory budgeting process is now codified into law in

the city and is an institutionalized, routinized part of fiscal governance in Mexico, impacting up to twenty million residents.

Mexico City is one of the pioneers of participatory budgeting (PB) in Mexico. Beginning with the Cuauhtémoc District (550,000 residents), Mexico City now uses PB throughout the city to allocate resources the city government transfers. As the largest city in Mexico and one of the largest on Earth, participatory budgeting in Mexico City represents one of the broadest areas of public participation in the Mexican budget process- especially in terms of providing active input into budget processes *ex-ante*, *interim* and *post* as opposed to consuming national budget information after the fact. In this case, Mexico City's residents meet regularly at the district level and vote on how to spend 3% of each district's budget. 1998's *Ley de Participación Ciudadana del Distrito Federal* governs PB in the city and has been amended and reformed regularly to increase public participation.

Participatory budgeting is not the only participatory area in which the Government of Mexico City is leading the way. Mexico City performed a human rights assessment in 2007 (*Diagnóstico de Derechos Humanos del Distrito Federal*) and developed an action plan (2,412 actions long) with academic and CSO assistance to prioritize participation in human rights efforts. One of the recommendations the city government implemented to aid its pursuit of improved human rights was to adopt a human rights approach to the budgeting process.

With the CSO GESOC's help, the city government modified an existing budget tool to specifically tie each annual spending item to a desirable human rights outcome from the action plan (UNDP 2009). By 2011, the city's Programming and Budgeting Manual reflected the new human rights approach and the city passed the Law of the Mexico City Human Rights Program, mandating human rights-based budgeting. The government of Mexico City then implemented training courses operated in conjunction with CSOs to teach civil servants and elected officials to consider human rights angles and seek them out in the annual budgeting process.

There are several important lessons to be gleaned from Mexico City's experience with participatory budgeting. First, the original PB proposal came from civil society and the venues available for additional CSO participation in Mexico City's budget process were critical for program implementation. Working groups involving multiple stakeholders were instrumental in crafting, implementing and institutionalizing a human rights budget process in Mexico City (UNDP 2009). In this case, Mexico City's government used one of the tools often at cities' disposal, the local budget, to push for greater participation, representation and improved human rights outcomes benefiting local constituencies—even if the national government was relatively unresponsive in this area. Second, legal reforms accompanied institutional reforms to place these advances in budget processes beyond the reach of most future politicians who might want to dismantle the city's various budget requirements.

IV. Impacts and Outcomes

IV.1. Participation

Citizen participation, the major area missing in 2003, is still largely missing in 2014, but is improving in some areas. First, some CSOs are now present for discussions of some budget processes, though this participation is not legally required and does not generally occur in a widespread way (the involvement is limited to the federal budget and all CSOs are based in Mexico City). Clear examples of CSO influence on budget processes are also difficult to come by. Second, the creation of a Budget Transparency Portal (2011), its reform (2014), and publication of annual citizen's budgets have generated more public consumption of budget information and more interest in budget participation (based on increases in website visits Source: SHCP 2015).

Lack of codified requirements for participation in national budget processes should not be confused for a total lack of movement toward participation. There are several feedback loops that now have the potential to harness the small, but growing participation in national budget processes to create virtuous circles of accountability. Officials are now required to respond to public submissions of freedom of information requests. Published audit reports based partially on audit decisions made with the help of government and citizen whistleblowers represent another kind of feedback loop. In general, these feedback loops were uncommon prior to Mexico joining the Open Government Partnership in 2011. IFAI's freedom of information program is an exception: IFAI received almost one million FOI requests since the program was established in 2003. 2014 featured 144,000 requests, which indicates a small but steady annual increase from the program's launch in 2003 to the present (IFAI 2015). Brazil received approximately 90,000 requests for its new program in 2014 (e-SIC, Government of Brazil 2015). These data reflect favorably on Mexican usage of the program, especially considering its population is only slightly greater than half of Brazil's. The launch of the

budget transparency portal and the publication of an annual citizen's budget remove some of the logistical and informational barriers to public participation, but venues for structured participation are missing at the national level. Nevertheless, these venues are expanding at the state and local level through PB in several states and in the capital.

Direct Mass Participation: Agriculture and Education

The Secretariat of Agriculture, Livestock and Rural Development (SAGARPA), now has official round tables with agricultural organizations at least 3 times a year and discusses the future budget prior to the presentation of the Executive proposal. SAGARPA also holds regular, formal roundtables with CSOs, academics and agribusiness representatives to discuss future programs (SAGARPA 2015). Evidence for improved performance based on these discussions is very thin, with evidence that CSO participation to improve transparency surrounding agricultural studies still did not generate major improvements in targeted programs or accountability in the secretariat (Cejudo 2013; Fox and Haight 2010). In education, parents have allocated federal resources directly for one of the biggest education grant programs in the country (Gertler et al. 2012). New programs also incorporate public participation at the local level and allow for input into national education budgeting (Secretaría de Educación 2015). These programs serve as potential foundations for future participation, but very few mechanisms exist for codified, regular participation in national budget processes. These two secretariats have begun recording and publishing state-level participatory discussions of policy implementation and future budget allocations, though other Secretariats have rarely implemented this kind of participation in their own programs.

IV.2. Reform of the State

The largest area where the drive for participation and transparency has altered the state in the fiscal sector has been Mexico's reformation of the Superior Audit Office (ASF) in 2000. ASF is a legislative-branch entity that serves as an external auditor for the three branches of the federal government, other autonomous bodies at the federal level, the states and municipalities and individuals, when they use federal resources.

The Superior Audit Office evaluates financial management throughout the government and checks for compliance with the federal budget and each budget's accompanying Revenues Act. The chartering legislation for the ASF guarantees legal protection against interfering with auditors, timely audits, public reports, open elections for the auditor general and generally promotes transparency and accountability in all branches of the Mexican government.

The ASF has presented and publicized financial audit reports on an annual basis since 2000. It has also conducted thousands of performance audits of individual entities using public funds, to assess the extent to which these entities are using funds in a responsible manner consistent with their public mission. There is evidence the ASF is working: ASF internal reports show that requests for intervention from publicly-funded entities fell by 90% between 2001 and 2008. Furthermore, the number of cases in which the ASF established compensatory liability increased by more than eleven times during this timeframe, suggesting the increased capacity and established legitimacy of the office. Similarly, the amount of public participation in terms of comments and observations has increased steadily from the founding of the organization to the present, with comment numbers doubling every few years.

Other state reforms consisted of creating new entities. Establishing the Federal Institute for Access to Information (IFAI) in 2002 ensured public participation in the budget processes through freedom of information requests was rewarded with a response. Creating the Tripartite Technical Secretariat (STT) in 2012 inaugurated another institutional venue for ensuring compliance with Open Government Partnership commitments as well as dialogue between the state and civil society. At the subnational level, Mexico City's embrace of PB is important due to the size of the city budget and the number of participants involved in budget allocation. In this case, 3% of district budgets are now distributed through PB, but this effort, in conjunction with Mexico City's human rights budget laws, represents serious reform of one of the largest public entities in the country.

IV.3. Increased transparency

Mexico has seen the greatest success in terms of increasing fiscal transparency. IFAI, the SHCP, the Chamber of Deputies, CSOs and policy institutes are most successful in promoting transparency when they work together (1) and generate media interest (2). Open budgets now provide data, while a core group of the SHCP, academic institutes and CSOs analyze it. The SHCP publishes performance indicators and civil society feeds its analysis to the Budget Commission of the Chamber of Deputies and the press. The relationship between government entities, CSOs and academics is formalized and routinized for many organizations through membership in the Accountability Network (*Red por la Rendición de Cuentas*). Regular, codified, publicized collaboration and familiarity through network activities and meetings also promotes informal relationships such as those between CSOs and budget (SHCP), access (IFAI) and audit (ASF) branches of the federal government. Cultivating media relationships is another area where success is evident. CSOs such as UDN and Fundar now regularly provide content for newspapers- in print and online. They also rely on their high-powered board members' networks to gain access to cabinet ministers and government officials. Continued improvements to the Citizens' Budgets and the Open Budget Portal increasingly engage citizens and encourage additional movement toward transparency at the state and local level.

IV.4. Shifts in Spending Priorities and Improvements in Well-Being

CSO participation in budget processes has resulted in shifts in spending priorities in specific instances, as has journalists' reports of waste, fraud and mismanagement. CSOs work through formal networks such as the Open Government Partnership and the

Red por la Rendición de Cuentas (RRC) as well as informal meetings within the Secretariat for Finance and Public Credit. Participation and transparency pressured the government to increase funding for maternal health, women's health and HIV/AIDS prevention programs (Sugiyama and Hall 2002), and improve these and other healthcare programs (Knaul et al. 2012; Ocejo 2013).

There are several examples of how public pressure through elections and CSO participation have improved well-being by shifting budget priorities. In this sense, there are some limited societal forms of accountability present in Mexico. The need to cultivate popular electoral support may have contributed to the creation and maintenance of pro-poor programs such as Pronasol and Oportunidades (Levy 2007). Similarly, CSO budget analysis, publicization and participation may have induced the government to pursue improvements in poverty targeting/prevention of public malfeasance in other programs, such as *Provida*. Conditional cash transfer programs and healthcare reforms are directly connected to improvements in well-being (Fernald et al. 2008; Behrman et al. 2005; Soares et al. 2010; Fiszbein and Schady 2009). Institutional programs fostering transparency, such as the Superior Audit Office, are indirectly associated with well-being as they ensure public agencies channel funds to their intended use- in many cases poverty reduction programs.

Freedom of information is a critical aspect of many of these funding shifts because CSOs and journalists have uncovered mismanagement and successfully publicized it to foment policy change (López and Merino 2012). Simply identifying large discrepancies between approved budget items and actual budget expenditure can be important here as well, though it takes years for the information to become available. Additional local examples can be found in the community policing movement in Guerrero, the emergence of Good Government coalitions in Chiapas and collaboration between municipal officials and agricultural producers in Oaxaca (Fox 2007). In particular, Mexican CSOs have used transparency requirements to analyze/audit the federal budget and identify discrepancies and inequities with regard to government spending and contracting (González 2013; López and Merino 2012). These outcomes

have increased the legitimacy of policy centers and CSOs, but the numbers of these organizations are limited at the national level and even more so at the state and local levels. Mexican CSOs and media with access appear to have found openness very useful in terms of a new ability to monitor the execution of laws, treaties and other commitments through both national and sub-national budget processes. Evidence for these CSOs' ability to alter existing policy or influence future policy in a way that improves well-being is still quite thin.

IV.5. Limits to Participation in National Budget Processes

Both exogenous and endogenous factors continue to limit participation and accountability in Mexico, which remain absent in most national budget areas. The endogenous factors have the greatest potential for reform and I emphasize them here, along with the difficulties associated with overcoming exogenous institutional impediments to change in each area. The newly-autonomous ASF's auditing efforts coupled with new legislation show only slow movement in favor of participation at the national level. Open Budget Survey reports and interviews in Mexico suggest low levels of commitment to anything beyond narrow, expert-led participatory input in the national budget process (de la Mora 2015; González 2015; Herrera 2015; Cejudo 2015; Mejía 2015; Ríos 2015; Ruíz 2015). There are some reasons to be hopeful even given this evidence: public engagement with budget data is increasing and the Budget Transparency Portal is improving in the quantity and quality of the information it reports along with the accessible manner in which it presents this data.

It is important to note that the ASF is the best example of participatory budget reforms at the national level, though this participation remains quite weak and disconnected from accountability mechanisms. The ASF performs its auditing function at the end of the fiscal year. Its report is made public at one time, after the following year's

budget is already implemented. This makes engaging the public at a time when it potentially matters to the budget process difficult. The ASF's conclusions from their report cannot have an impact on that year's budget, or even how that year's budget is implemented.

The legislature's low technical capacity impedes participation and accountability despite formal access to several different policy analysis arms. Members of the budget commission in the Chamber of Deputies have recently invited analysis and testimony from civil society groups, but this assistance has not been formalized (González 2013; Santiso 2004). Low capacity in the legislative branch of government at the national level and lack of capacity and resources at state and local levels results in an inability to implement, evaluate and monitor transparency requirements even when governments wish to comply, as Abers and Keck (2009) describe in Brazil. Transitioning from the PRI to the PAN allowed for the technocrats and new administrators to promote the state at the sub-national level in order to strengthen an already strong, competent executive branch and pair it with a stronger legislature and stronger local governments.

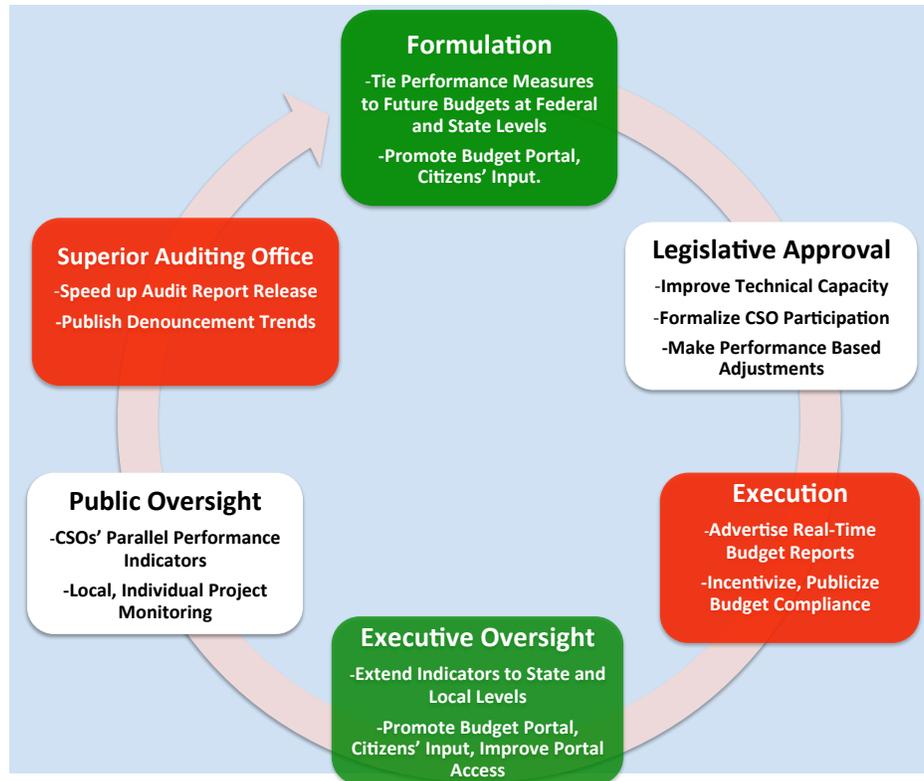
Participation is also difficult to achieve in national budget processes because CSOs in Mexico suffer from low internal capacity compared to their counterparts in many wealthier countries. CSOs are addressing this issue and have adopted a mix of strategies to build their internal capacity. FUNDAR and UDN hire relatively young staff with undergraduate qualifications, who develop skills in research and budget analysis while working for the CSOs. Universities are often eager to collaborate with CSOs (IPF and UDN), which also allows for inexpensive, relatively skilled labor from students and possible funding/in-kind donations from the universities. FUNDAR and Ibase occasionally hire media and communication specialists in instances when they are in high demand, but do not retain many of these more-expensive employees for daily affairs.

Several exogenous factors impede participation, transparency and accountability. First, the federal nature of Mexico's government impedes improvements in participation. Trends in participation at the state and local level are the opposite of those at the federal

level: local governments often feature higher levels of budget participation, but very low transparency (Ríos 2015; Ruíz 2015). This is partially due to the federal budget structure, where each presidential administration in Mexico adopts a six-year National Development Plan. The Chamber of Deputies (lower house) cannot make changes to the plan. They may legally make changes to each year's budget allocations following the plan's approval, but almost never adjust spending by more than 5% (Ackerman 2013). Despite great improvements in transparency, the opportunity to alter major budget priorities through technical analysis/expertise, legal challenges or public pressure/media exposure is limited to the time immediately following the presidential election, but before the National Development Plan is fully drafted. At best, academics and CSOs participate through informal, uncodified, budget discussions at this point, which are held behind closed doors. This renders meaningful participation difficult because the major budget priorities are relatively fixed for most years and can only be altered during a short timeframe. *Participation outside of this timeframe then becomes relatively unimportant, even if it does occur.* Second, legislators at the state and national levels and mayors at the local levels are limited to a single term in office. This has historically not incentivized elected officials to plan for long-term fulfillment of promises, to consult with their constituencies or to ensure policy continuation from one election to the next. A 2014 constitutional reform (Federal Diary 2014) will allow for national-level Deputies to serve up to four terms (beginning in 2015) and Senators to retain office for two terms (beginning in 2018). Re-election alone does not solve Mexico's accountability problems, but it improves the incentive structure such that elected officials may develop policy expertise, promote long-term agendas as well as serve and engage their constituencies directly.

The following figure highlights the areas where improvements in participation in the budget process could increase government accountability.

Figure 2
 Recommendations for Improving Participation, Transparency and Accountability in Mexico's Federal Budget Process



IV.6. Mexico in Comparative Perspective

Mexico's reforms to increase fiscal participation and transparency have elements in common with those in South Korea and the Philippines. First, expert-based participation accompanied institutional restructuring in Mexico, as it did in South Korea (Lee and You, 2013). In both cases, a transition from single-party government to competitive, multi-party elections led to opposition victories and institutional and legal reforms. These reforms predated public participation: experts within the bureaucracy later oversaw reforms such as those of Mexico's Superior Auditing Office (in 2002) along with South Korea's widespread changes in its budget process in 2004. A key difference

between the two countries' reform efforts is that South Korean government formally invited more participation from experts in civil society much earlier than in Mexico, where collaboration has increased, but remains informal and isolated. Finally, South Korea's shift toward fiscal participation and transparency led to a deepening of democracy and increased accountability. In contrast, Mexico has made great strides in transparency, is improving participation slowly, but has yet to achieve accountability in government budgeting and spending (Ackerman 2013).

The Mexican experience also has some areas in common with the Philippines, where the election of a reformist president from the former opposition allowed for reforms to improve transparency and accountability (Magno 2013). In contrast to the Philippines, the Mexican government has rarely sought more direct participation from civil society and the public until very recently. In this case, Mexico's membership in the Open Government Partnership in 2011 coincides with some movement toward improving participation in national fiscal processes. This is reminiscent of the World Bank's efforts to engage local officials and implement community-driven development programs in the Philippines. The difference here is that Mexico's relatively narrow participation at the national level is distinct from sub-national experiences, where home-grown participatory budgeting programs are increasingly common (Government of Mexico City 2015; Government of Oaxaca 2015; Government of Durango 2015; Government of Guerrero 2015).

IV.7. Participation and transparency: Toward Accountability in Mexico

Partnerships with CSOs and membership in the Open Government Partnership (following 2011) were key to the third and most recent wave of institutional reform and transparency legislation at the end of the Calderón Administration. Despite these reforms public participation and oversight on fiscal matters remains narrow. There are few legal

requirements for participation. Although civil society has some presence in the budget process, there is only limited evidence for CSOs' meaningful influence. In contrast, subnational changes have included extra participation in the budget, such as through participatory budgeting in Mexico City. Recent legal reforms and continued advances in commitments to participation through the Open Government Partnership have also led to increases in the distribution of data for public consumption (Citizens' Budget), the public consumption of budget data (visits to the Budget Transparency Portal), and participation in budget performance management (ASF hotlines, comment sites, performance index contributions and Freedom of Information requests.).

There are several concrete steps that would improve participation, transparency, and accountability in Mexico's national budget processes. First, expanding and formalizing civil society's participation in the national budget process in both the legislature and executive branch agencies would help maintain public participation across successive administrations and improve performance measurement as the government expands its evaluative infrastructure. Second, implementing the current plan to harmonize transparency requirements, accounting practices and auditing reports across all levels of government would improve the quality, accessibility and usefulness of budget data so that informed participation can occur. Third, continuing to reform the budget transparency portal and the citizen's budget would engage a greater percentage of Mexico's citizens. Demonstrating the utility of budget information would also help improve citizen monitoring of project implementation to prevent fraud and mismanagement. These opportunities all represent potential steps toward accountability as improved budget transparency allows for increased budget participation, oversight and improved performance.

Mexico's reform efforts to promote fiscal transparency and accountability have resulted in an increasingly clear fiscal window. Civil society has the expertise to peer through this window and evaluate the federal budget throughout the cycle, though meaningful expert participation in the budget process is very limited. The result is a continued lack of institutional or individual accountability stemming from advances in

fiscal transparency. Recent incremental improvements in participation and transparency suggest the moment of institutional change is not entirely over in Mexico, however, because the country retains some momentum in its drive for participation and transparency. Translating this momentum into increased accountability is the next step, but a functional, open window into the budget process is a critical first effort.

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