1- To strengthen participation of civil society in the complaint system, against corruption and the dishonest acts of public servants.

Objective: To include participatory civil society mechanisms in the reception and investigation of complaints, as well as in punishment procedures.

2- To ensure accountability in the use of public funds.

Objective: To disseminate indicators regarding expenditure management, implementation and operational efficiency.
COMPLIANCE MECHANISMS

Mechanisms to fulfill the commitments established by the Ministry of Public Administration:

1- New audit approach to internal control bodies
2- Compliance with international Conventions
3- Federal law on administrative responsibilities of the public servants *(Reforms to be adopted)*
4- Federal anti-corruption law in public procurement
5- Personal Assets Declaration
6- Regulatory Guillotine
7- Transformation of Public Procurement System
8- Secret User
9- Codes of Conduct

Fight against corruption
Less rules, better outcomes

- Inventory of rules: **34,457**

- Reduction of **47%** of obsolete rules

- **16,261** rules were eliminated

More than **10** thousand administrative rules were standardized
As a result of the biggest regulatory reform in the world, Mexico has a government more cost-effective.

Savings allow assign more public funds to social programs and infrastructure.

Savings are equivalent to:

- **28%** Annual Public Education budget
- **81%** Annual Social Programs budget

**Total Administrative Savings:**

5 Billion dollars
Under deregulation and simplification of processes in the Federal Government framework, in 2010 were published nine generally applicable administrative manuals, among which there is a specific one for Procurement and other for Public Works, aimed to standardize and harmonize the internal processes of the agencies.

Administrative rules removed:
- **410** on public procurement
- **182** rules on public works
Mexico’s regulation through years...

**70’s**
- Bad quality standards and rules
- Discretionary government
- High risk of corruption

**80’s**
- Issuing of lots of standards and rules as a mean to fight corruption

**90’s**
- Overregulation
- Lack of efficiency
- Corruption
An excessive number of norms and rules:

1. Increases costs
2. Increases time of response
3. Inhibits decision making process
4. Encourage corruption practices
Federal Public Procurement represents at least 8% of Mexico’s Gross Domestic Product.

- The budget for public procurement is over 24% of the Federal Government’s budget.
- Public procurement is over 40% of the budget for government Ministries and agencies.

### 7- TRANSFORMATION OF PUBLIC PROCUREMENT SYSTEM

<table>
<thead>
<tr>
<th>Year</th>
<th>Procurement (billion dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>51.07</td>
</tr>
<tr>
<td>2009</td>
<td>74.64</td>
</tr>
<tr>
<td>2010</td>
<td>39.09</td>
</tr>
<tr>
<td>2011</td>
<td>37.53</td>
</tr>
</tbody>
</table>
Diagnosis

**Findings**
- Poor coordination and a lack of standardization
- Lack of professionalization
- Obsolete electronics systems
- Inadequate planning
- Rigid and excessive legal framework

**Risks**
- Corruption
- Inefficiency in public spending
- Lack of a strategic vision
- Procedures based on control, not oriented to results

7- TRANSFORMATION OF PUBLIC PROCUREMENT SYSTEM
7- TRANSFORMATION OF PUBLIC PROCUREMENT SYSTEM

Main Characteristics

- Strengthening processes regarding disputes and sanctions in public procurement.
- Modernization of the electronic system: CompraNet.
- New modalities of Procurement: Reverse Auctions, Consolidated Purchases and Framework Contracts.
- Preventive Advice.
- Social Witness.
- Support to Small and Medium Enterprises (SME’s).
7- TRANSFORMATION OF PUBLIC PROCUREMENT SYSTEM

- Institutional reform
- Legal reform
- Procurement Policy
- Standardization
- Procurement strategies
- Planning
- CompraNet
- Profesionalization and Certification
- International agenda

- Regulatory support

- Effectiveness
- Efficiency
- Value for Money
- Impartiality
- Transparency
- Honesty

- Disputes and Sanctions
New Modalities of Public Procurement

**Framework Contracts**
- Call Center (SME’s)
- Pruning services (SME’s)
- Control Boards
- Power transformers
- Personal Protection Equipment
- Vehicular Maintenance
- Medicines
- Work cloths
- Grocery Coupons
- Events Organization
- Airplane tickets

**Consolidate Purchases**
- Office supplies
- Executive transportation
- Terrestrial transportation Services
- Airplane Tickets
- Furniture
- Information Technologies
- Armored Vehicles
- Property Insurance

**Reverse Auctions**
- Coal
- Medical Equipment
- Vehicles Leasing
- Medicines

**Savings (Million dollars)**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Framework contracts</td>
<td>67</td>
</tr>
<tr>
<td>Consolidate purchases</td>
<td>28</td>
</tr>
<tr>
<td>Reverse auctions</td>
<td>530</td>
</tr>
<tr>
<td>Savings 2010 – 2011</td>
<td>625</td>
</tr>
</tbody>
</table>
7- TRANSFORMATION OF PUBLIC PROCUREMENT SYSTEM

CompraNet is the Electronic Government Information System on Procurement

<table>
<thead>
<tr>
<th>Compranet before 2010</th>
<th>CompraNet 5 (2010)</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total procurement procedures</td>
<td>136,000</td>
</tr>
<tr>
<td></td>
<td>Training and certification of public servants</td>
<td>13,450</td>
</tr>
<tr>
<td></td>
<td>Suppliers and contractors registered</td>
<td>72,000</td>
</tr>
<tr>
<td></td>
<td>Purchasing units registered</td>
<td>3,388</td>
</tr>
<tr>
<td>Information storage</td>
<td>Tenders 100% electronic</td>
<td></td>
</tr>
<tr>
<td>Availability of information</td>
<td>Transactional tool</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Digital Signature</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Transparency and accountability</td>
<td></td>
</tr>
</tbody>
</table>
Public Procurement disputes and Sanctions:

**Bid protest**
- Legal challenge against any act during the procurement process
- **2011:** 1,507 bid protests

**Conciliation**
- Agreement meetings to prevent courts
- **2011:** 249 conciliation procedures, 75% of them reached an agreement

**Sanction**
- Fine, disqualification, or both, for legal infringement
- **2011:** 322 sanctions. The total amount of fines reached 6 million dollars
7- TRANSFORMATION OF PUBLIC PROCUREMENT SYSTEM

BID PROTESTS: Efficiency

<table>
<thead>
<tr>
<th>Year</th>
<th>Solved</th>
<th>Founded</th>
<th>%</th>
<th>%</th>
<th>%</th>
<th>%</th>
<th>%</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>2266</td>
<td>669</td>
<td>29.52%</td>
<td>30.69%</td>
<td>29.24%</td>
<td>25.70%</td>
<td>25.10%</td>
<td>12418</td>
</tr>
<tr>
<td>2007</td>
<td>1939</td>
<td>595</td>
<td>30.69%</td>
<td>30.69%</td>
<td>29.24%</td>
<td>25.70%</td>
<td>25.10%</td>
<td>12418</td>
</tr>
<tr>
<td>2008</td>
<td>1987</td>
<td>581</td>
<td>29.52%</td>
<td>30.69%</td>
<td>29.24%</td>
<td>25.70%</td>
<td>25.10%</td>
<td>12418</td>
</tr>
<tr>
<td>2009</td>
<td>2066</td>
<td>531</td>
<td>29.52%</td>
<td>30.69%</td>
<td>29.24%</td>
<td>25.70%</td>
<td>25.10%</td>
<td>12418</td>
</tr>
<tr>
<td>2010</td>
<td>1789</td>
<td>449</td>
<td>29.52%</td>
<td>30.69%</td>
<td>29.24%</td>
<td>25.70%</td>
<td>25.10%</td>
<td>12418</td>
</tr>
<tr>
<td>2011</td>
<td>1538</td>
<td>419</td>
<td>29.52%</td>
<td>30.69%</td>
<td>29.24%</td>
<td>25.70%</td>
<td>25.10%</td>
<td>12418</td>
</tr>
<tr>
<td>2012</td>
<td>833</td>
<td>211</td>
<td>29.52%</td>
<td>30.69%</td>
<td>29.24%</td>
<td>25.70%</td>
<td>25.10%</td>
<td>12418</td>
</tr>
</tbody>
</table>

BID PROTESTS, 2006-2012.
Preventive Advice

This program provides advice and guidance to Public Administration Agencies in strategic procurement procedures.

Through workshops identify and dissolve inhibitors that may arise in the development of procurement procedures.
Social Witness

Social Witnesses was born as a result of the Integrity Pacts for technology information programs as social observers.

For 2001, the Social Witnesses are recognized as individuals or companies with experience, knowledge and moral quality participating in public procurement processes as observers.

BEFORE

- Opacity
- Discretionary
- Corrupción

NOW

- Transparency
- Citizen participation
- Environment of certainty
The “Secret User” program is run by the Ministry of Public Administration and involves citizen participation for the detection of cases of corruption by catching dishonest public servants in the act. It is implemented when there is real and proven evidence of bribery, and corruption committed by Public Servants or towards them.

From September 2008 to May 2012, the Ministry of Public Administration has worked in coordination with the Attorney General (PGR) in 81 operations in 21 states in Mexico with the participation of 35 Internal Affairs organisms in different government institutions, in which 108 people have been found to be involved.

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations</td>
<td>2</td>
<td>16</td>
<td>18</td>
<td>31</td>
<td>20</td>
<td>87</td>
</tr>
</tbody>
</table>
Undersecretary of Administrative Responsibilities and Public Procurement
Ministry of Public Administration - México
Scope

- Sanctions for Corruption Practices
- Inhibitions of Corruption Practices
- Social Punishment
Open – Ended
Intergovernmental Working Group on Prevention of Corruption

THANKS!

Max Kaiser Aranda

Undersecretary of Administrative Responsibilities and Public Procurement
Ministry of Public Administration
Mexico