**Fighting Corruption in the Federal Expenditure Budget: tracking anticorruption spending in Mexico through a Transversal Annex**

**Background**

Since 2008, different Transversal Budgets have been included in the Federal Expenditure Budget (FEB) in Mexico to identify and classify the proportion of resources allocated to the attention of specific population groups needs or national problems that have to be tackled in an integral manner. Annually, annexes are included in the FEB that identify allocations that directly impact the execution of works, actions and services for specific populations and problems. Cross-cutting budgets cover a variety of themes, such as strengthening gender equity, rural development, combating climate change, spending in science and technology, and indigenous peoples, among others. They are usually focused on serving or benefiting different marginalized groups of the population, such as indigenous people, youth, vulnerable groups and, children and adolescents, etc.

In 2016, the National Anti-Corruption System (NAS) was created in Mexico, a coordination mechanism between authorities, including the National Institute for Access to Information, the Specialized Prosecutor's Office to Combat Corruption, the Federal Administrative Court, the Supreme Audit Institution, the Council of the Federal Judicature, the Ministry of the Civil Service and the Citizen Participation Committee. The NAS operates through a Coordinating Committee and a Citizen Participation Committee. The laws that gave rise to the ANS mandated the creation of new public institutions that did not exist before and granted new powers to existing institutions. This new institutional framework involves budget allocations and so the topic became a priority for various civil society organizations (many of which assisted in the creation of laws).

In this context, before the presentation of the FEB proposal for the FY 2017, *Ethos, Public Policy Laboratory*, one of the organizations of the Sustainable Budget Collective (PESO Collective, which Fundar coordinates) pointed out that the implementation of the NAS had three main budgetary problems: 1) that the resources available for the existing NAS institutions corresponded to the new attributions they acquired with the creation of the system; 2) that the processes and times of allocation of the budget for the new agencies were clear; and 3) the need to have a mechanism to monitor the efficiency of this expenditure, particularly through a Transversal Annex in the Federal Budget.

With respect to the last point, sufficient and relevant information on how much, who and in what is spent, as well as indicators of results, are required to monitor the efficiency of anti-corruption spending. However, nowadays the total budget allocated to combat corruption is untraceable and the indicators of the institutions that make up the NAS do not adequately measure progress in the prevention, investigation and punishment of corruption cases. After analyzing the advantages and disadvantages of different mechanism to track specific types of expenditures, it was identified that the creation of a Transversal Annex would give greater transparency and visibility to the resources allocated to combat corruption.

In the framework of the presentation and approval of the FEB for the FY 2018, the PESO Collective organizations held a series of meetings with key stakeholders (including the Ministry of Finance and Public Credit and several institutions that form part of the NAS) to emphasize the need to have a Transversal Annex with a methodology defined through an open process that includes the participation of civil society organizations.

**Proposal**

The main objective of Ethos and PESO was to promote the creation of a Transversal Annex to monitor SNA spending, including:

* An open process to define the methodology for its construction,
* The identification of a head institution within the NAS responsible for the monitoring,
* A discussion of the minimum budget requirements for the NAS institutions to ensure their usefulness,
* The identification and promotion of the legal changes necessary for its establishment and follow-up.

**Result**

Thanks to the advocacy strategy of the PESO Collective and the pressure on the media, the Ministry of Finance and Public Credit prepared a Transversal Annex for Corruption in the Proposal for the Federal Budget FY 2018. The initiative is positive because it addressed a proposal originated from the organized civil society and because it improves fiscal transparency by allowing to trace the route of the resources allocated to anti-corruption policy in Mexico.

**Next steps**

The organizations that have been promoting for more than a year the Transversal Annex consider that to help to improve the effectiveness of this instrument, in the future the following measures must be included:

* Expected outcome indicators;
* Clear and measurable goals;
* A robust methodology and open guidelines;
* Mechanisms of public participation;
* Periodic monitoring mechanisms;
* Decision-making processes that incorporate performance information;

In this sense, the PESO Collective organizations have begun discussions with the MoF, the Congress, the Executive Secretariat of the NAS and the different institutions that are part of the Coordinating Committee of the SNA, to continue working in favor of these improvements, and in this way promote greater transparency and accountability of the anti-corruption spending in Mexico.