

#Epicentro

Coordinated Reconstruction with No Financial Secrets

- #Epicentro will monitor the use of reconstruction resources in order to make it efficient, focused, transparent and effective.
- #Epicentro calls on actors involved in the reconstruction to take measures to strengthen a transparent and coordinated collaboration between the government, the business sector and civil society.
- #Epicentro invites private sector actors involved in the reconstruction to renounce to banking and fiduciary secrets in the creation of funds and trusts.

Mexico City, November 5th, 2017. Recently, the President of Mexico announced that the reconstruction work for the entities that were stuck by the earthquakes last month will cost around 50 billion Mexican pesos. It is very likely that this figure will need to be adjusted based on a rigorous and transparent methodology, which allows the systematization of information on the damage caused in the different states. The country will need considerable resource mobilization, both public and private, for the reconstruction work; that's a fact. These financial efforts will be essential to rebuild the educational, health, communications and transportation infrastructure, as well as to attend to the many, many homes that have been partially or totally damaged.

An important part of resource mobilization will be carried out through financing instruments such as public and private trusts, as well as through state secretariats' and civil organizations' budgets. Due to the complexity of the reconstruction work and the diverse origins of the resources, transparency and efficient coordination between the different actors involved in these reconstruction works are essential, in order to get the most beneficial social results possible. Otherwise, risks may arise that would make it difficult for said reconstruction to be carried out correctly. These include actions being duplicated, the neglect of a segment of the affected population, the discretionary channeling of funds or the possible political use thereof, the possibility of cost overruns or reconstruction with no technical support to avoid vulnerabilities of new buildings in the future, among others.

That is why one of the core actions of #Epicentro is to monitor the use of the resources for reconstruction after the September earthquakes, in order to achieve an efficient, focused, transparent and effective reconstruction, that meets the needs of the population and, in particular, does not leave behind the vulnerable population. At #Epicentro, we believe that public and private trusts set up for the reconstruction work must comply with the highest standards of transparency by explicitly renouncing to banking and fiduciary secrecy, because these financial instruments are undeniably of public interest, and therefore their functioning cannot escape social scrutiny.

Therefore, #Epicentro invites the actors involved in the reconstruction to take into consideration the following measures to drive forward an agenda that ensures that the collaboration between the government, the business sector and civil society in the reconstruction work is carried out in a transparent and coordinated manner:

1. **Information concentration.** The information from censuses, diagnoses, available resources and projects, must be in the same platform. This platform will help facilitate the

tasks of targeting, planning, and decision making, for an efficient use of resources; this, with the aim of avoiding duplicate actions and that the reconstruction is efficient and maintains its social sense.

2. **Information availability.** The information must be updated and be available online for the public, as some private trusts already do; this, with the aim of increasing transparency and the possibility of analysis for better coordinated care.
3. **Identifying resources.** The source of the resources reported in the platform must be shown, that is, if they are public or private. This task requires coordination between these two sectors, and aims to provide clear information on available resources.
4. **Transparency of resources:** In general, the management of resources should have mechanisms of transparency, accountability, control and monitoring. Also, the different donations must clearly specify the destination of resources, including the geographic location and the population that will receive it.
 - a. **Transparency in the use of public resources.** As for the public trusts of the three levels of government, measures of transparency and accountability should be guaranteed in terms of international standards and in the information pertaining:
 - i. **Constituting** documents: contracts; modifying agreements; operating rules; and annexes of the trust.
 - ii. The conformation of trust **assets**: sources of transfer of assets or rights to the trust; identifying those that could be from public sources.
 - iii. The **use** of the trust assets: use of resources and concept of expense; financial statements; monthly statement of payments and expenditures.
 - iv. Trust **administration** documents, damage impact reports, expense assessment reports, technical committee decisions, reports on compliance with execution of works, granting of support, and compliance with purposes; geo-referenced information of beneficiary areas and beneficiaries' register.
 - v. Given that the decision-making power of the trusts falls primarily on their respective Technical Committees, they must have more responsibility in complying with and updating the information; as well as to ensure that the fiduciary or banking institution properly exercises the resources and complies with the delivery, in a timely fashion, of financial statements and quarterly reports.
 - b. **Transparency in the use of private resources.** In the case of private trusts and funds raised by international or civil society organizations, we propose that they follow measures of transparency and accountability, and that they share said information in the aforementioned platform; this with the objective of allowing the monitoring of this type of funds. Therefore, we recommended to consider the following:

- I. In order for trust information transparency not to affect the privacy of personal information, we propose that trustees renounce to fiduciary secrecy, regarding the administration of assets or rights they transfer to the trust, verification of expenses and monitoring compliance.
 - II. Given that private trusts or other donations collected by people or organizations do not have the obligation to designate a unit of transparency, we recommend that a website be created, one which is readily available to report the collection and use of the resources. This can be linked to the aforementioned platform.
5. **Monitoring and controlling actions.** A citizen participation mechanism that allows the verification of diagnoses, resources received and the use of funds or execution of works must be established. Furthermore, this mechanism could work for timely reporting of uses outside of the stated objectives.

At #Epicentro, we are convinced that **transparency** and **cooperation** will contribute to the coordination tasks between the different private sector actors and public institution reconstruction efforts. The implementation of measures such as those set out herein will help in the timely monitoring of the resources used, and in this way achieve reconstruction with the most benefit for the country in general, and in support of the citizens affected by the earthquakes in particular.

Organizations Participating in #Epicentro

Science Academy of Morelos
Citizen Action Against Poverty
Ecological Action
Act Transforming Paths to BE and DO
ADIEM Coparmex Morelos
Alianza para la Regeneración Urbana A.C.
Urbana AMOTIV
Appleseed
Association of Residents of Vista Hermosa
Parents State Association of Morelos
Independent Association of Communicators, Reporters and Producers of Morelos (Aicrepmor)
Morelos Association of Technologists, Innovators and Linkers
Mexican Bar, Bar Association
Common Cause
CCE Morelos
Center for Citizen Training and Political Culture
Accountability, Research Center of Morelos
Prodh Center (Miguel Agustín Pro Juárez Human Rights Center)
CESIJ-UDLAP
Chamba MX
Chiapas7S
CMIC
COAMEX Coalition for the Rights of People with Disabilities
Codeando México
Community Cohesion and Social Innovation (CCIS)
Collective Academy
Communication for Inclusion
Coparmex
CRS
Cuernavacos
Dalia Research
Enel
Equis Justice for Women
School of Government and Public Transformation, Tecnológico de Monterrey
Fáctico
Federation of Schools and Associations of Professionals of the State of Morelos
Fund for the Fight for Democracy
Morelos Indigenous Front
Betanzos Cultural Foundation
Don Bosco Foundation
International Down Morelos Foundation
Merced Foundation
Fundar, Analysis and Research Center
Gobierno Fácil
Citizen group with three people from SIMO Consulting
Hábitat for Humanity Mexico
IMCO
Impunidad Cero
Institute for Strategic Clarity
Instituto de Liderazgo Simone de Beauvoir Libre Acceso AC
Manos a la obra (MIT Mexican students)
Mejor Ciudad
MEXFAM
Mexicans Against Corruption and Immunity (MCCI)
Mexicanos Primero México AC
México Evalúa

Morelos with Vision to the Future
NYU GovLab
Observatory of the Construction Industry
Observatory of the Right to Housing
Observatory on Gender Violence
Latin American Office of the Habitat International Coalition, HIC
OmetroPUE AC
Oxfam México
PODER
Red ProBono México
Save The Children
Sintonía Ciudadana (in the process of forming)
Supercívicos
TECHO México
The Hunger Project
Mexican Transparency
Voices of Change, Agenda for Development