

# Emergence and sustainability of the innovation process of Mexico's local governments<sup>1</sup>

**Gilberto García**

Ash Institute for Democratic Government and Innovation  
**Kennedy School of Government, Harvard University**

**July 2005**

*Abstract:*

After analyzing 271 government programs self-qualified as innovative and submitting a questionnaire to the 79 persons responsible for some of the best practices in the municipal government in the years 2001, 2002 and 2003 (in accordance with the Government and Local Management Award), I identify and analyze the variables that have a bearing on the emergence and sustainability of the innovation process in Mexico's local governments. The results show paradoxes in the process of innovation of organizations needing to accomplish increasingly complex objectives through a lack of mechanisms to accrue intermediate and long term technical expertise, as well as organizational learning. This document also describes the differences in the process of innovation according to three contextual variables: organization capability, institutional development and political and electoral competition.

---

<sup>1</sup> This document was written with the financial support of Harvard's Mexico Foundation and the Ford Foundation. The preparation of the database and the submission of the questionnaire was made possible by the support of the Premio Gobierno y Gestión Local, organized by the Centro de Investigación y Docencia Económica (CIDE). I express my deepest gratitude to Enrique Cabrero, General Director of the CIDE, and Winthrop Carty, Associate Director of the Ash Institute, for their wholehearted support to the undertaking of this research. Without their support, the research would have been impossible. I also thank David Arellano and Edgar Ramírez for their valuable comments, and Patricia Peña for creating the software for the database.

<sup>3</sup> Innovation is understood as the first time application of a program, practice, process or proceeding in an organization, regardless of whether it has been implemented before in some other organization.

## ***Innovation and managerial reform***

The study of governmental innovation has had an explosive growth in the last two decades. Mainstream literature assumes that innovation allows the transition from an archetype of bureaucratic organization based in procedures to one of flexible and efficient organizations, ready to adapt to the needs of the citizen-clients. The dramatic momentum that governmental reform has acquired in the past few years, inspired on the *New Public Management* (NPM) paradigm, has enforced the conviction that it is possible to reinvent government. However, no matter how important these processes of innovation might be, the environment in which they occur and the organizational and institutional characteristics that frame them generate paradoxes that have to be analyzed in order to explain the unintended consequences that arise when uniform managerial tools are applied to reform different types of organizations. The objectives of this research are to address how and with what characteristics innovations<sup>3</sup> arise, determine if these innovations are sustainable and why, and analyze their impact on the construction of better government capability, community development and local governance.

The range of needs of Mexican municipalities, and the administrative and technical tools available to address them, are enormously broad. There are urban, rural and metropolitan municipalities; some densely populated and others practically uninhabited; ranging from some of the poorest in the world to those with a standard of living similar to that of developed countries; some are linked through a modern infrastructure to other parts of the country, while others are practically restricted to flows of trade and communication to nearby communities; in some cases they are efficiently linked to regional and international markets, alternatively, there is just a financial activity of mere subsistence in the others; some are on the way to becoming consolidated as global cities, others are practically disconnected from the processes of regional financial integration. It is this diversity that also causes the innovations from the local government to be diverse. It is for this

diversity that the three research questions are pertinent:: 1) How, and with what characteristics, do the innovation processes arise? 2) Are these innovations sustainable and, furthermore, an improvement in government capability? 3) What is the impact of innovations on communities and local governance?

A methodology commonly utilized to analyze processes of innovation stems from the studies of *New Public Management*. Using case studies, NPM suggests that improvements in the performance of governments arise from the use of administrative tools that make bureaucratic organizations more flexible. This flexibility allows governments to focus on the needs of the citizens, as opposed to focusing on their administrative inertia, and gives them the necessary freedom and incentives to try new ways to resolve public problems. Furthermore, this new flexibility allows officer performance to be evaluated by their capacity to resolve problems, instead of their compliance with tired bureaucratic processes. There is even a perception that there are dynamic intrinsic characteristics to the innovation process that transcend specific contexts of the countries and the government culture where they are taking place (Boris, 2001). Nevertheless, while the need to make a bureaucratic apparatus more flexible might be a goal in some spheres of Mexico's public administration, in the great majority of the municipalities the need to *break the bureaucratic inertia* in order to be able to innovate does not exist. This need does not exist because a bureaucratic organization has not yet been developed<sup>4</sup>. In this paper I claim that in most cases in Mexico's local governments innovation does not occur in spite of the bureaucratic rigidity, but rather because of its nonexistence.

---

<sup>4</sup> While there is a perception that in the municipal administration there is a vast and volatile set of regulations that seeks to over-regulate all the areas of interaction between the government and the citizenry. However, in many of the areas and activities of the municipal government there are neither regulations nor adequate administrative structures to perform adequately. Even though in recent years there has been some progress in the construction of government capability, there is still a lack of a bureaucratic structure based on technical skills and expertise.

The suggestion is that the perspective that municipal governments are unwilling to perform organizational changes due to their rigorous internal regulation and predisposition to inertia, or whose bureaucratic processes encourage a tendency to behave in accordance with routine procedures and to preserve the status quo<sup>5</sup> is, in most cases, erroneous. Contrarily, most local governments have not yet developed an organizational capacity that could even be defined as bureaucratic, nor do they have the necessary technical, organizational and institutional tools to face the expectations and needs of their citizens<sup>6</sup>.

This precarious technical, organizational and institutional capacity indicates that managerial techniques are not necessarily the force that encourages the development and sustainability of creative public policies in Mexican municipalities. It does not seem to be the case, furthermore, that bureaucratic constraints are the main obstacle in developing best government practices, nor the mechanism to ensure the sustainability of the existing ones. This research suggests that the majority of municipal governments experience temporal and, often, insufficient

---

<sup>5</sup> For a more detailed analysis of the pre-bureaucratic configuration of Mexico's organizations, see Arellano (2000)

<sup>6</sup> Data from the Municipal Census conducted by INDESOL serve to illustrate in three areas the weakness of the administrative structure of the local governments. Those areas are: a) the professional experience of local public officials; b) the technical capacity of municipal organizations; and, c) the regulation and documentation of the administrative processes and the development of municipal policies. In terms of the professional experience of municipal public officials, only 12.3% of the secretaries of city halls, 11.3% of the treasurers and 7.8% of the higher-level public officials have over three years of experience in their jobs. On the other hand, only 40.8% of the municipalities have an area in charge of the local administration, 27.9% work without an agency of public works, and over 50% revealed that they have not developed computer and administrative systems to support the administrative activities of government. In reference to the regulation of their processes and public policies, only 59% of the municipalities have some kind of regulation of public works, and 76.5% have a Police and Good Government Manual; only 28% of the municipalities have any kind of land use regulations, and in none of them does there exist the possibility of the immediate reelection of mayors, nor are there opportunities of public service. On the contrary, all municipalities show a high degree of turnover of their workers, and of volatility in their administrative structures - on all levels - after each change of administration (which occurs every three years in about 93% of the municipalities, and every four years in the remaining 7%). Obviously, not all municipalities face the same technical and administrative shortages, but as we will see later on in this study, even those with a more strengthened bureaucratic organization lack both the means to consolidate an organizational learning structure, and the midterm continuity of the most successful public policies.

improvements in their competency not by progressive and innovative upgrades to previously standardized processes, but by ephemerally sidestepping their restrictions and policy challenges with *innovations*. These short-term innovations are truncated by the absence of a bureaucratic organization, and by the inadequacy of political and institutional arrangements. This temporary solutions for permanent problems do not need to avoid the labyrinths imposed by a solid and inflexible bureaucratic structure. On the contrary, the emergence of innovation is restricted -- and their sustainability is dissipated -- precisely because of the nonexistence of a solid, permanent, organized and consolidated rational structure.

If, as this research suggests, in most cases innovation is not the result of incentives conjured up by a enlightened institutional framework, nor the result of the application of creative managerial strategies designed to counteract the bureaucratic rigidity, nor the result of efforts to build long-term and far-reaching government capacity, it is important to understand the variables that encourage its emergence or that play against its sustainability, as well as their implications in different types of municipalities. This is the intention of this research.

The paper explores an empiric analysis of the variables that affect two crucial stages of the innovation process: its emergence and its sustainability (or adoption as a recurrent practice in the administrative structure). The literature has tended to focus on personal, organizational, administrative and cultural variables that encourage the emergence of innovation. However, there has not been a thorough discussion of the variables that have an impact on the innovation's sustainability (or assimilation). A possible explanation for this void is the conceptual approach commonly used. In the literature it is assumed that innovation develops in the midst of a bureaucratic organization -as is the case in empirical studies undertaken in developed countries. This approach carries the implicit assumption that the *rational* inertia and organizational expertise and resources –of bureaucratic organizations– are the mechanisms that contingently establish its continuation.

Perhaps the only variable in the sustainability of innovation that this approach implies as relevant and uncertain is the impact and acceptance of the innovation on the community -or the political capital accrued by those who promote it. *NPM* assumes that the adoption of managerial techniques by the bureaucratic structure prevents the standardization of prior innovations –which in time become obsolete– from obstructing the adoption of new ideas. Nevertheless, in the case of Mexico's municipalities this assumption does not correspond to reality. The literature does not provide the means to analyze the emergence and sustainability of innovations in pre-bureaucratic organizations. This paper attempts to analyze the innovation process precisely within those organizations.

### **Innovation, the managerial reform and pre-bureaucratic organizations; a missing approach**

In his analysis of governmental innovation around the world, Kamarc (2003) establishes that in some countries the process involves the reform of an old bureaucracy in the context of a new democratic state. In other countries, the challenge has been to rejuvenate an old, obsolete bureaucratic system in order to incorporate it into the information era. In some cases, the movement has been termed the reinvention of government, in others it is referred to as building the skills of the state, or even updating it altogether. How did the process of reform get into the agenda of countries? According to Michael Pinto-Duschinsky (1997), in the developing countries the momentum for the reformation of the state came mainly from international institutions. From the agenda of these institutions regarding *governance issues*, programs were created to offer financial resources to the countries interested in developing *state capacity*, under the assumption that there was a crisis of the traditional state role. The perception of governmental inefficiency to solve problems was what started the processes of reform.

The dissatisfaction of the citizenry with the performance of governments added to the crisis situation, increasing the pressure to initiate processes of reform. The pressure spawned several things. The common denominator was the undertaking of efforts to find better ways to resolve public problems. From the perspective of innovation, one reaction to the new governmental context is that public officials see their tasks from a different angle. This new outlook motivates them to leave the traditional perspective of public service. The second reaction has been the need to do more with less. When faced with budgetary restrictions, government officers are forced to develop creative ways of providing services. The third result is new administrative capabilities that local governments are forced to develop as they assume new roles.

If those are the motivations, what elements should be present to encourage innovation? Some authors give special importance to *organizational culture*. For them, the first and strongest impediment to innovation is the persistence of a culture that maintains the *status quo*. Many organizations do not measure the performance of an official in terms of achieving goals, but rather in terms of having done something established as “wrong”. According to this perspective, if an organization wants to be innovative, it must understand that the innovation process implies risks. When the organization penalizes mistakes, the staff has no incentive to assume the risk of innovating. However, an important question arises: what happens with the innovation when the development of administrative controls and the standardization of processes become indispensable steps to consolidate a public organization?

Another feature that often appears in the innovation literature is *political support*. Public officers must have strong support from elected officials. Elected officials who promote a culture of innovation understand that the process is uncertain and that, therefore, they must tolerate occasional mistakes. Likewise, if the political environment is highly uncertain, and elected officials are unable to

agree upon a government agenda, then the official will probably avoid starting innovations that could end up being political hot potatoes. However, what happens in the innovation process in institutional contexts that do not assure the permanence of public officers and do not allow the reelection of government officials? How this changes the “culture of innovation” and the importance of the political support?

A third variable is the *administrative capacity*. Many local governments have bureaucracies interested in keeping things just the way they are. Often, bureaucrats determines his support or opposition to innovation in terms of how it will affect his spaces of power, without taking into account whether the innovation is good or bad for the community. It is precisely the role of institutions to shift private, organizational and public interests. However, what kind of incentives can be offered to officials whose permanence in the organization cannot be assured in the mid and long terms? Is the administrative capacity a matter coincidence of private and public interests or of technical and organizational expertise? What happens when empathy of interests does not suffice, but there is also a need to have structures to assimilate innovations?

Finally, according to the literature, there is an element that encourages innovation more than any other does. Innovation is the response of an organization to a crisis. According to this logic, local governments have a mandate to foster major changes in order to avoid adversity, even though the *status quo* is difficult to change under normal circumstances. Bureaucratic organizations seldom generate incentives to change. “We’ve always done it this way” is the hymn of all those who reply to the question of why the government is organized in ways that seem illogical. Nevertheless, when a crisis occurs and “the way we’ve always done it” is no longer working, the government is forced to find better ways to solve problems. According to this perspective, crises generate incentives to innovation. After all, the lack of response to crises results in loss of political capital for the elected official



and his closest supporters. However, what happens when an organization is in a permanent state of crisis and in the construction of an efficient public policy there is not a “way we’ve always done it”?

The literature has not yet analyzed the relevance and dynamics of the innovation when its main challenge and usefulness is not only to open up the process of reform to society, but also to encourage the systematization of governmental processes. In other words, the analysis of those cases when the “reform agenda” does not require a transition from the *Weberian* (rigid and based on rules) to the *managerial* model of organization (flexible and oriented to citizens), but rather a change from a pre-bureaucratic organization (Arellano, 2003) to one that is focused on communication, training, regulation and vertical and horizontal organization. The goal is to use innovation as a tool of municipal governments to encourage its modernization, and not as a means to correct the “dysfunctionalities” created by its modernization.

### ***The process of managerial reform and innovation in Mexico; the emergence of paradoxes***

Mexican municipalities are organizations in a process of reconfiguration that are being forced to undertake increasingly complex government tasks. As in any human enterprise, they are facing daily the challenge of adapting to dynamic changes in the needs, circumstances and values of their context. Nevertheless, due to factors including reforms of Article 115 of the Constitution (Guillén, 2000; García del Castillo, 1999); the process of political and administrative decentralization (Bailey, 1994; Cabrero, 1995; Diaz Cayeros, Willis, 1999); and the transformations generated by a democratic transition that occurred from the periphery to the center (Wayne, 1996; Lujambio, 2000, Merino, 2004), the complexity of governmental tasks have increased at a considerably faster pace

than the administrative and political reforms required to perform them. This situation creates the need to come up with ingenious processes of innovation.

However, regardless of the aforementioned significant of this institutional changes (i.e., the municipal constitutional reform, the political and administrative decentralization, and the democratic transition that took place in the local space), the lack of assimilation of the organizational structure, as well as their slow and insufficient development of technical and policy skills, have caused municipal governments to face new problems with obsolete structures (Cabrero, 2003). The lack of bureaucratic standard solutions to permanent problems, the backwardness of public service and financial development, and the inadequacy of the political and institutional framework to facilitate the exercise of a democratic governance, have furthermore motivated municipal officials to come up with often unprecedented solutions to overcome the restrictions imposed by the intermittent and often scarce technical, human and political tools at their disposal.

In Mexico, there are about 2,430 municipalities. Because of the diversity of their social, economic, political and administrative characteristics, they represent a large and complex mosaic of governmental experiences. There is a multiplicity of municipal realities. To adapt themselves to an ever changing environment with inflexible resources (Diaz Cayeros y Silva, 2004), through a model of pre-bureaucratic organization (Arellano, 2000; 2004), and constrained by institutional frameworks that are not consistent with the needs of democratic governance (Merino, 2004), local public officials have been adopting ingenious strategies, programs and public actions (Cabrero y García, 2003). At present, the country is a mosaic of municipalities with different administrative and governmental capacities presumably pursuing the same objective: attempt to respond to the needs of the citizenry with innovative ideas that will enable them to obviate the lack of resources and of stable technical organization, as well as the restrictions of an inadequate institutional framework.

If the suggestion is to analyze the process of innovation stemming from the different administrative and institutional contexts where it takes place, the guiding motivation of this research is that because the municipal environment is a conglomerate of governments with a wide range of organizational characteristics, administrative capacities, and institutional developments, it is therefore possible to make comparisons that point out the necessary elements for the process of institutional reform and analysis of its organizational structure.

Undertaking a study of this type had not been possible for two reasons: first, a lack of statistics; second, the relative lack of knowledge about innovative programs. The first effort to evaluate municipal operation was the *Encuesta Nacional de Gestión Municipal* (National Survey of Municipal Management, CIDE-INEGI, 1993). This effort was interrupted, but later continued by the *Encuesta Nacional sobre Desarrollo Institucional Municipal* (National Survey of Municipal Institutional Development, INDESOL, 2000; 2002). On the other hand, the *Centro de Investigación y Docencia Económicas* (Center of Economic Research and Teaching, CIDE), which has been promoting since 2001 the *Premio Gobierno y Gestión Local* (Local Government and Management Award (PGyGL) with the support of the Ford Foundation, has managed to develop a large compilation of examples of municipal innovation. This systematic labor of documentation of innovative practices has diversified, and at times expanded, some of the information stemming from the pioneer case studies of Mexican municipalities (Merino 1994; Cabrero 1995; Ziccardi 1995; Guillén 1996; among others).

From this systematic documentation of the municipal reality and the processes of innovation, the information began to be analyzed and socialized. Nevertheless, the knowledge of the processes of innovation from specific case studies is just one of the elements that are present in the research agenda. The grasping of the peculiarities of the context in which the task of governing a

municipality takes place, as well as the elements of the policies with which the municipal governments try to adapt themselves to them, allows the creation of a database for analyzing the process of innovation. The size of the database eases the formulation and testing of hypothesis; the diversity of the governments in the study enables us to do comparative studies and analyze the innovation process in contexts that present a vast plurality of local governments that, in different levels, share a common element: incomplete administrative and institutional development or, in other words, a pre-bureaucratic organization.

For that reason, aside from the abstractions of science implicit in the study of innovation – and already amply developed by many scholars -- in this study I analyze its practical applications. Understanding the process of innovation enables us to strengthen democratic governance and development in a governmental ecosystem that is overwhelmed by the complexity of the context (Guillén, 1996; Ziccardi, 1995; Merino, 1995). In the midst of governments in democratic transition, it is certainly important to be aware of what should be remembered and what should be highlighted in the studies, and what elements should be used to make predictions. But, above all, it is essential to know what to do with the existing facts, abilities and public values. This research is framed in a specific form of collective action: innovation; and it tries to provide elements to understand it. We seek to know how municipalities innovate, how the process of innovation affects the organization, and what happens with the innovation as time goes by and administrations change.

While this study is a work in progress, from the results obtained and shown here we are able to discern two directly related paradoxes in the processes of innovation of local governments: 1) The innovation, which in principle is useful, is only a palliative solution – eventually inefficient and insufficient – of the deficiencies of the institutional design and the lack of organizational and administrative (governmental) capacity to face the demands of the environment; 2) Given the

organizational structures of the municipalities, it is necessary to regress -- in the "classic" sense of the promotion of innovation --, to give sustainability to the process, improve government practices, and later on allow the development of a *higher level* of innovation. In other words, after a successful experience of innovation, the attention of the organization must be focused on fostering the routine, and not on encouraging or allowing it to be relaxed, as some managerial theories suggest. In order to learn to innovate it is necessary to create, to know, to learn to repeat, and then to refine the administrative processes. It is even more the case when we are applying new ideas in an organization characterized by precarious and unstable administrative structures, as well as the lack of incentives to accumulate a long-term organizational memory.

While the municipal arena has taught important lessons to Mexico's government (Cabrero, 2003; Cabrero y García, 2003), in most instances the experiences remain on the primary levels of innovation. While it is true that several studies confirm that municipal governments in Mexico innovate, this research reveals that they do it as a temporary and insufficient adaptation to their environment. Innovative programs are approached as provisional practices, and not as permanent solutions. In the few cases in which innovative programs are constructed as far-reaching policies, their implementation is designed with the purpose of evade the formal structure of the municipality. Perhaps is that promoters of the innovation perceive that the only way to consolidate the policy is to delegate its operation to structures that run parallel to the municipal government.

This innovation approach -and institutional and organizational environments- creates two paradoxes. The first is that in many of the successful experiences innovation does not emerge as a result of the incentives of the institutional design, nor of the implementation of strategies to reform a bureaucratic organization according to the needs of the citizens. Instead, most of the time innovation is an informal and temporary adaptation to the limitations of the environment. It is not a

process caused by the incentives of the institutional framework, nor a means to get around the lack of flexibility of the bureaucratic organization through managerial tools. Innovation comes about because of a lack of a bureaucratic organization and low institutional capacity, not as a solution but as a temporary remedy. Local governments are enough flexible to innovate, but not enough structured to transform innovations into organizational and institutional capacity.

This generates a second paradox: after the emergence of an innovation that ought to be continued, in municipalities with a precarious organization the improvement of government practices and the development of higher-level innovations requires an *involution* of the *classic* process of innovation. The attention of the organization must be focused on enforcing and maintaining the routine, and not on encouraging or allowing its relaxation. The literature about innovation -in bureaucratized organizational contexts-, assume that the process appear as an idea that pretends to improve the established performance. Once the idea is consolidated, experts and professionals implement the innovative idea through a process of trial an error (Mahajan, 1985). While some consider that this process may be chaotic (Utterback, 1994), it is expected that the institutional framework will apply effective controls (Krugman, 1996). Then, after some time, the social system in which the innovation has been implemented becomes part of the structure. Finally, when the innovation has existed for a considerable period, and the means of its implementation have become the dominant procedure, the innovative practice becomes part of the social system (Nicolis and Prigogine, 1989). However, in Mexico's government, this virtuous process of consolidation of good government practices is truncated by the inevitable change of municipal administrations. Higher levels of innovation require the adoption of an organizational climate that, according to the literature, is counterintuitive for fostering innovation. Afterwards, perhaps, flexibility and management could come into play.

***Due to the flimsiness of the institutional design, its model of pre-bureaucratic organization and the absence of a professionally oriented public service, innovative programs tend, almost unavoidably, to disappear. The innovation is discontinued when the municipal administration changes -- every three years --, or even before if the promoter of the innovation leaves the organization. That is why the dissection of consolidation of the innovation does not appear as a dysfunction, but rather as pathology of local governments, represented for systematic attempts to try what had been attempted before, or of ignoring what was learned elsewhere.***

---

<sup>10</sup> Enrique Cabrero proposes four levels of innovation. 1) Functional innovation, consisting of the improvement of the processes and the use of the resources. 2) Structural innovation, which corresponds to the development of administrative reforms and the creation of new forms of operation and organization; 3) Behavioral innovation, which involves the incorporation of new attitudes and values into the organization; 4) Relational innovation, in which the links of the organization with the society are developed and strengthened.

### ***Empirical study: methodology***

I analyze the process of innovation from the point of view of the institutional development of the municipalities, focusing on two areas: 1) The intrinsic qualities of the process; and, 2) The context in which it emerges and is implemented. I want to find patterns that relate the level, type and peculiarities of the process of innovation (in its emergence and consolidation) to the level of institutional and administrative development in which it takes place.

The proposed analysis is based on two sources: a database with the characteristics of the 271 programs self-qualified as innovative, and a questionnaire submitted to the public officials in charge of the areas of the municipal administrations that developed an innovation that external evaluators considered *successful*. The database documents 271 programs that managed to survive a change in municipal administration among the 1500 participant programs during the first three years in the PGyGL. For the analysis, I divide the municipalities according to their level of marginalization, under the not too far-fetched assumption that the level of municipal marginalization is a variable that mirrors the level of municipal institutional development. Likewise, in the database I classify the process of innovation from the point of view of the intrinsic characteristics of the program, and I also integrate relevant information about the municipality context.

The questionnaire was submitted to 120 public officials in charge of the areas of municipal administration with the best experiences of innovation in the years 2001, 2002 and 2003, according to the selection process of the PGyGL. Seventy-nine of the 120 public officials who received the questionnaire answered it. The questionnaire yielded information about the context in which the innovation was developed, the decision making process, the reasons why it continued or was ended, as well as the difficulties and incentives experienced by the officials. Some



of the questions that guided the design of the questionnaire were: what fosters and what limits an innovative attitude; how does the innovation emerge; what elements allow it to take root; and what elements are conducive to its demise.

### ***The database and the survey: the starting point***

There are elements in the design of the PGyGL that have an impact on the research. Therefore, it is necessary to detail them. The PGyGL is a non-government program that seeks to recognize the best experiences of municipal innovation. The project stems from the appreciation that as power starts to be exercised in more democratic and decentralized ways, local governments are capable of generating important lessons about new models of management and democratic governance. Nevertheless, because of the restrictions of the context, it is necessary to create new incentives for its documentation, consolidation and dissemination processes (Cabrero y García, 2002).

The PGyGL evaluates innovations that have been applied for at least a year. Ideally, a program positively valued by the evaluation committees demonstrates that it is effective for solving problems, efficient and transparent in the use of resources, promotes accountability, fosters the development of citizens, focuses on priority issues of the public agenda, and has created for itself mechanisms that increase the probabilities that it will remain as a permanent policy. In general, the winning programs are relatively recent, but have existed for sufficient time to demonstrate their impact on the community.

It is also important to point out that the rules of the PGyGL allow one or several participants in the program to register it; provided that the amount of resources used in the operation of the program (perhaps only a function of an efficiency and *cost-benefit* analysis) is not important to the process of evaluation;

and the rules do not limit the registration of programs to a specific number, nor do they restrain the participation of those programs to specific areas of public policy. What the PGyGL seeks with this design is *completeness*: 1) The possibility that several public officials may submit a program facilitates the registration of those who due to a lack -- or to the inefficiency of -- internal alliances have no support or political recognition; 2) Not taking into account the amount of resources used by the program as a criterion of evaluation, aside from being an exercise in good sense, allows the evaluation of innovations with similar characteristics to those practiced in many of the local governments, the majority of them face considerable financial restraints; 3) Not limiting the number and category of the programs allows the coverage of the entire range of possible municipal innovations. If the entire country is a laboratory of innovation divided in several segments, it is necessary to know what is done in every one of them.

Over 1,300 programs participated in the 2001, 2002 and 2003 editions of the PGyGL. According to their geographic, political and financial characteristics, they are representative of the municipal whole (Cabrero y Garcia, 2003). In the application form, those responsible for the program describe their objectives and their actions toward realizing them; the municipal and civilian authorities that participate in it; the problem that motivated its creation; the proofs that it has accomplished its objectives, and, finally, what others municipalities could learn from their experience. For the creation of the database I selected the 271 programs that managed to outlive, at least in one more term, the municipal administration in which they started.

With the information provided by the authors of the innovative programs (in the registration forms of the 271 programs that make the database and the 79 surveys), I classified their main features based on two sources; a) The classification by typology of programs used by the PGyGL and; b) The model for analyzing innovation suggested by Enrique Cabrero (1995)<sup>10</sup>. The resulting

structure classifies the innovation on three levels, which I call: basic innovation, operative innovation, and transforming innovation (Table 1).

**Table 1. Framework for analyzing innovation**

	Impact on the quality of life	Impact on the organizations	Impact on the social network
<b>Basic innovation level</b>	A barely defined group of the population gets little, temporary benefit	The shape of the organization is not changed, only its shell	The social structures are not adapted. The policy only involves the society from an application point of view
<b>Operative innovation level</b>	The group of beneficiaries is defined and the results of the policy are farther reaching	The shape of the organization is modified, and its functioning is improved. The organization is perfected	The relationship government-citizen is positively modified
<b>Transforming innovation level</b>	The policy has an impact on the target population	The organization is reconfigured and adequately assimilates the innovation. The organization learns	The building of social capital is advanced

Chart developed by the author

With this analytic framework, I reclassified the programs that participated in the PGyGL. Table 2 highlights the level of innovation achieved by the programs.

**Table 2. Classification of the policies according to their level of innovation**

Classification of policy	Level of innovation		
	Rudimentary	Operative	Transforming
<b>Participation of the citizens</b>	Citizen's participation instrumental	Consolidation of citizens' networks	Empowering
<b>Public safety</b>	Crime fighting policies	Crime prevention policies	Social control policies
<b>Financial development</b>	Employment promotion policies	Entrepreneurial development policies	Structural adjustment policies
<b>Municipal infrastructure</b>	Remodeling work	Construction of basic infrastructure	Construction of infrastructure for development
<b>Ecology</b>	Policies for correcting environmental	Environmental protection policies	Promotion of sustainable development
<b>Public health</b>	Basic health campaigns	Development of health facilities	Decentralization of public health
<b>Social policy</b>	Generalized assistance policies	Policies for the protection of vulnerable groups	Community development policies
<b>Administrative modernization</b>	Rudimentary administrative construction	Traditional administrative reform	Policies of new public management
<b>Public services</b>	Modernization of the operating equipment	Managerial upgrading	Public services focused on clients-citizens
<b>Urban planning</b>	Urban correction measures	Rudimentary planning policies	Development planning
<b>Education</b>	Cultural and administrative spaces	Attention to schooling and attendance	Furtherance of educational quality

Chart developed by the author

The information in the database concurs with the level, type and intrinsic features of innovation (based on the proposed models), as well as with the elements of the context in which it takes place. The sources of the elements of the context are the institutional development data in INDESOL'S (2000, 2002) National Survey of Municipal Institutional Development; information about municipal variables collected by the National System of Municipal Information – SNIM - (INAFED, 2000, 2001, 2002, 2003); and the preliminary results of the electoral study developed by CIDAC (2000 – 2004.)

The elements of the process of innovations are analyzed taking into account the level of social exclusion of the municipality, the political party that initiated the program and the one that continues it (or decided to cancel it), as well as the level of electoral competitiveness experienced by the municipality in the past two elections. The issues that influence the process of innovation are described according to the utilization and the regulations (if any) of IT. Other elements that were taken into account were the participation of actors outside the “formal” municipal structure, the level of citizen participation encouraged by the program, the participation of actors outside the municipal sphere (such as other municipalities and public and private institutions), and the level of innovation attained by the program.

The information in the registration forms of the PGyGL and in the databases of INDESOL, INAFED and CIDAC, was supplemented with the 79 questionnaires submitted to the individuals responsible for the programs that, according to the selection process of the PGyGL, were the best examples of innovation<sup>11</sup> between 2001 and 2003<sup>12</sup>. The questionnaire was faxed or e-mailed to that group of

---

<sup>6</sup>Based on the registration forms, a group of academicians and experts in diverse policy areas selects 35 semi-finalist programs every year. The selected programs are analyzed in further detail through field evaluations

<sup>7</sup>Pablo Rojo and Mauricio López, from the Government and Local Management Award, submitted the 2003 questionnaire to the semi-finalist programs.

programs. Of the 120 questionnaires sent, 79 were returned. In one third of the cases, the questionnaires had to be answered by telephone.

### ***The results of the research***

The results are divided in two areas: 1) the variables that influence the emergence of innovation, and 2) the variables that affect its consolidation. To manage the data, I divide the municipalities by level of social exclusion, according to the rating of the National Council of Population (CONAPO), published in the SNIM database. On making this separation I assume that the level of social exclusion is directly related to the level of institutional development, as well as to its organizational capacity. CONAPO's rating divides the municipalities into very high, high, moderate, low and very low social exclusion. To simplify the management of the information, I am using only three groups: *a) Municipalities with a high degree of social exclusion* (very high and high social exclusion); *b) Municipalities with a moderate degree of social exclusion* (moderate and low social exclusion); and *c) Municipalities with a low degree of social exclusion* (very low social exclusion.) According to the study, the municipalities with a low degree of social exclusion are the ones with better-developed administrative structures, and better financial and technical resources.

## ***The emergence of innovation in Mexico's municipalities***

### ***The levels of innovation***

According to this framework for analysis, about 50% of the programs of the municipalities with a high and moderate degree of social exclusion remain at a rudimentary level (Chart 1). In other words, these are programs that temporarily benefit a diffuse group of the population and that usually do not have an evaluation of their impact. The implementation of these programs does not make any significant changes in the structure of the administration, nor does it foster the adoption of new administrative techniques or the use of technology, nor does it imply the generation of organizational or institutional reforms or the development of organizational capabilities. In these projects, the concept of citizen participation in public affairs is practically nonexistent. It is important to clarify that judging the importance or relevance of these programs according to their level of innovation is not a wise or sufficient exercise. In many of the municipalities with moderate, high and very high levels of social exclusion, the adoption of creative forms of government, even rudimentary innovations, may mean a considerable improvement (albeit temporary and insufficient) in the living conditions of the community.

In the three groups in which the analysis is divided, there is a similar number (close to 30%) of innovations that reach an operational level. In this level of organization, the programs have a specific group of beneficiaries that have been identified, and its implementation achieves a greater impact (in time and reach) in the community. These types of innovations not only change the administrative structure, but also improve the performance of the organization. They are policies that improve the delivery of public services, create administrative processes, make efficient and transparent use of resources, and even generate mechanisms of urban planning and entrepreneurial incentives. These programs enable the

municipalities to get closer to the community. Citizen participation becomes genuine and evolves into a relationship of public consultation. The process also encourages and achieves the building and consolidation of citizen networks.

**Chart 1. Level of innovation**

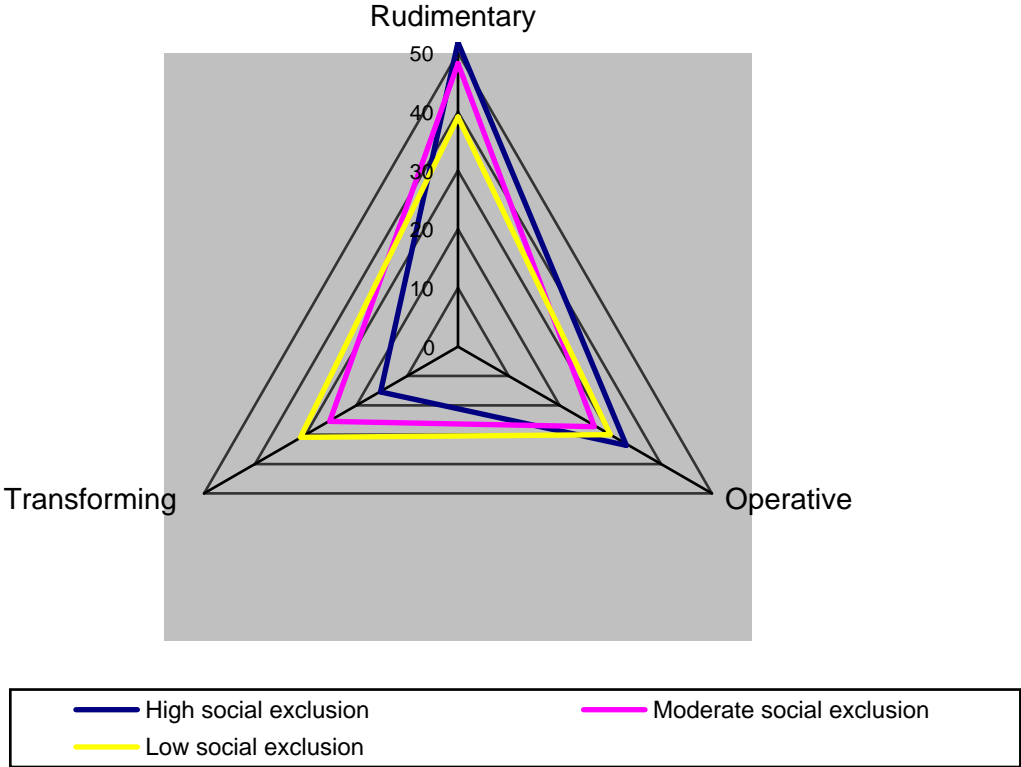


Chart developed by the author, based on the analysis of 270 programs

Finally, even though municipalities with low (31%) and moderate (26%) levels of social exclusion are the ones that generate more processes of transformative innovation, this level of innovation can also be seen in municipalities with a high level of social exclusion (18%). By means of these programs, local governments creatively develop policies that generate the *empowerment* of the community, as well as the implementation of strategies of social control, for dealing with financial problems, and for building infrastructures that foster development.



These are also policies that protect the environment and are focused on sustainable development, as well as social policies directed toward specific groups of the population that are in need of participation in the benefits that come from the development of the community, with the ultimate goal of removing them from the welfare rolls. They are programs that break away from the traditional task of governing and have an attitude of change, evidenced in the new ways in which they deliver public services, develop long term and far- reaching projects of urban planning, promote quality in the education system, and even implement processes for the revitalization of public administration.

The programs that attain a level of transformative innovation have a significant impact on their target population, and it seems that the organization is reconfigured to assimilate the process of innovation. Its implementation also improves the social network of the community. These types of innovations, which are established in formal and informal mechanisms, lead us to believe that they represent the best means to survive the lethal changes of municipal administration. Nevertheless, this is not necessarily the case.

### ***Promotion of the process of innovation***

Innovative programs are more involved with the effort to respond to a clearly identified problem in the public agenda (often a direct request of the citizens) than a reaction of the organization to crisis situation. In other words, while they are the product of a search to fulfill the expectations of the citizens, they are not necessarily solutions designed to deal with situations identified as a crisis, as is usually perceived in the literature (Levin and Sanger, 1994). They are, in all cases, the direct result of the leadership of those who promote it. (Chart 2).

The municipalities with high and moderate degrees of social exclusion tend to react to problems that reappear in the public agenda, rather than to crisis situations. In these cases, the leadership of the promoters of the innovation is crucial. On the other hand, in the municipalities with a low degree of social exclusion, the motivation stems from different sources, including the development of municipal diagnoses, and learning experiences of other municipalities. It is possible that in the case of the municipalities with a low degree of social exclusion, this tendency will demonstrate the need to face new problems resulting from social dynamics that give new challenges to the public agenda. It is also possible that the learning processes of the organizations in other municipalities, as well as the viability of developing diagnoses, are less within the reach of the municipalities with a high or moderate social exclusion than those with a low degree of social exclusion. For that reason, in municipalities with a high degree of social exclusion the urgency and directness of public needs (that are basic and evident), and personal leadership, are the two elements that determine innovation.

Something worthy of being explored is whether the accumulation of crises in municipalities with a higher degree of social exclusion is such that the perception of what constitutes a crisis becomes diluted. If the literature about this subject states that the processes of innovation tend to emerge in crisis situations, one should wonder what happens in organizations that are constantly facing them. Instead of finding solutions, their lack of institutional and bureaucratic mechanisms to deal with crises forces them to forgo them.

This hypothesis is supported by the analysis of the level of innovation that comes about as a reaction to a situation described as a “crisis”. If we separate the problems that arise for that reason, we see that in municipalities with high and moderate degrees of social exclusion the majority of innovations are basic, followed by operative innovations (Chart 2.1). While this situation could be analyzed from different angles, one approach is to inquire why the programs that

arose as a reaction to a crisis did not go beyond the level of basic, or rudimentary, innovation.

Chart 2.1. Level of innovation in programs resulting from crises situations

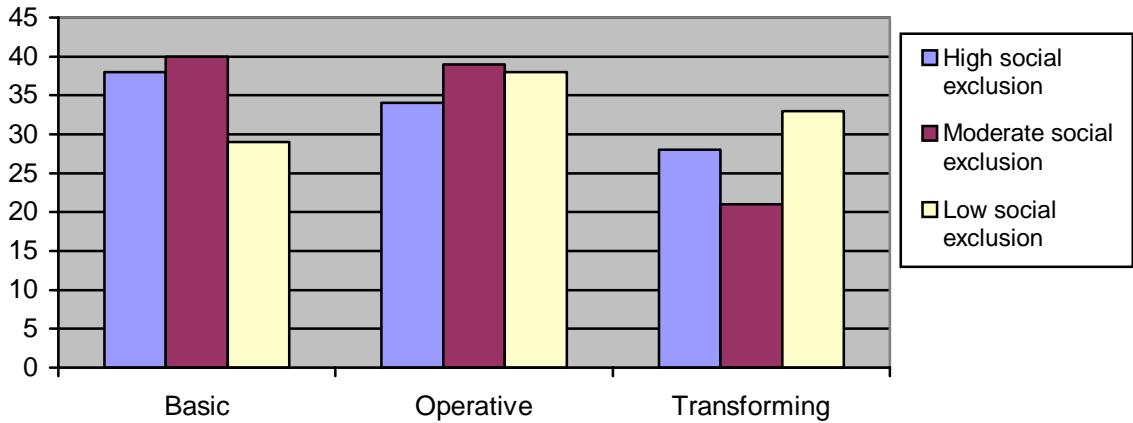
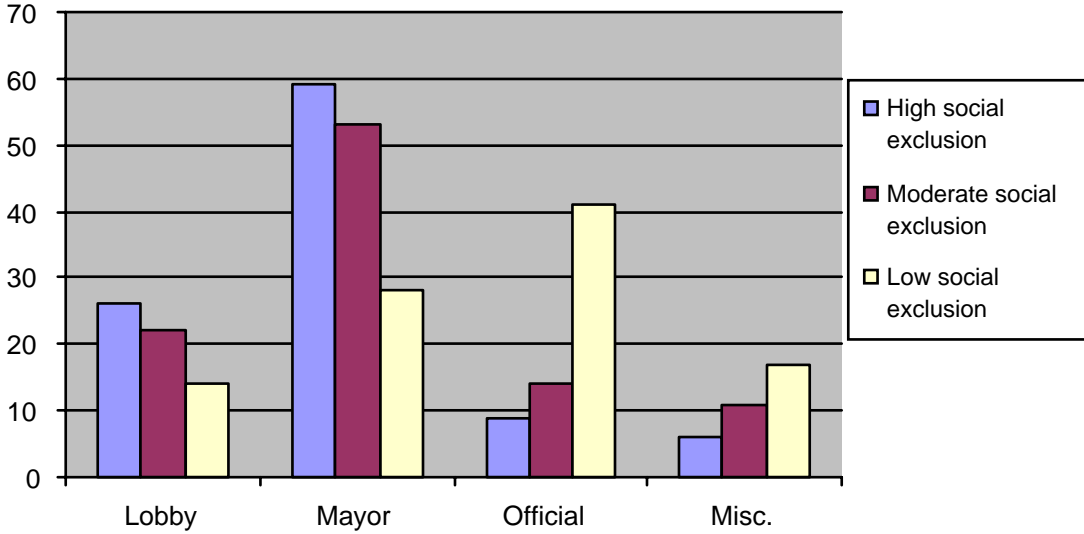


Chart developed by the author based on the results of the survey

The proposed hypothesis is that these innovations are palliative solutions to permanent problems, through mechanisms eventually discarded by the administrative and political structure of the municipality. They are temporary solutions for a variety of reasons: because of the limitations in the design and application of policies; due to the limited use of long term evaluations and strategies; or because of the use of information derived from “similar” experiences of other municipalities with promising results. But, above all, they are policies that are shaped by their high degree of dependence on the leadership of their promoters, whose impermanence in the organization is known and expected by the entire organization in which they work.

Who is the promoter of the innovation? Traditionally, it is assumed that middle management plays a critical role in the emergence of innovation (Boris, 2000, 2001). Nevertheless, according to the results of the questionnaire, while it is the case that in the municipalities with a low and intermediate degree of social exclusion the mayor does have a central role in the emergence of the process, in the municipalities with a high degree of social exclusion that task is performed by public officials of managerial level (Chart 3). It is obvious that in municipalities with a high and intermediate degree of social exclusion the mayor not only is in closer contact with the problems of the community (we are mainly talking about rural and sparsely populated municipalities), but he also lacks the support of an administrative structure that allows him to relegate decision-making power. It is also interesting (as well as symptomatic and worrisome) that in all cases, open discussion is practically excluded from the innovation process.

**Chart 3. Promoter of the innovation**



The high degree of participation of mayors in the emergence of innovation in municipalities with low and moderate levels of social exclusion is perhaps the

reason why the implementation of innovation faces few internal or external political obstacles (from the organization, or from the community or other political actors, respectively). In organizations with little structure and resources, as well as limited technical experience, the leadership of the mayor becomes the critical variable of the political and innovative processes. According to one of the hypotheses explored in this document, the lack of administrative resistances is the result of limited or nonexistent rules and regulations and, therefore, little bureaucratic red tape. The main obstacle to be faced in these municipalities is the lack of financial resources. In the majority of cases, however, public officials were unable to identify a specific obstacle in the process of implementation (Chart 4).

**Chart 4. Obstacles to innovation**

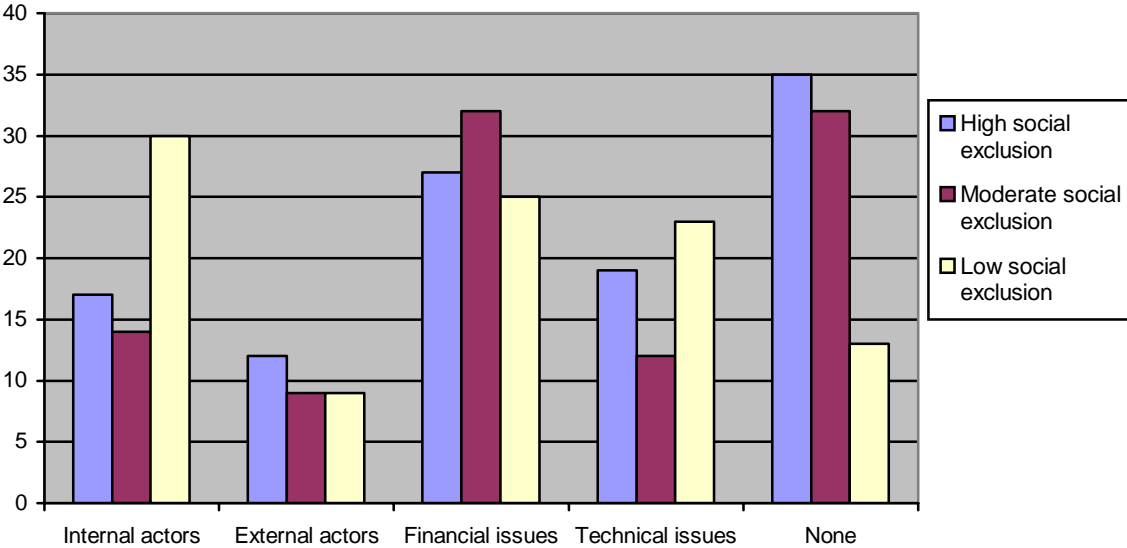


Chart developed by the author based on the results of the survey

On the other hand, in municipalities with low social exclusion, the bureaucratic resistance and the paucity of resources -- aside from the technical difficulties -- are identified as the impediments to innovation. Likewise, a particular

obstacle is identified in fewer instances. On one hand, this result in the context of a government that is subjected to more complex conditions and, comparatively, suffers more from the institutional and administrative restrictions of the municipal apparatus. On the other hand, this results because the innovations they wish to implement require further supports, given their scope and the more complex environment in which they are applied.

In all analyzed cases, few experiences faced an external obstacle. This means that in other areas of government, segments of the communities, citizens' organizations or political groupings, institutional instances or legal regulation are not issues that must be overcome in order to initiate a process of innovation.

**Chart 5. Supports to innovation**

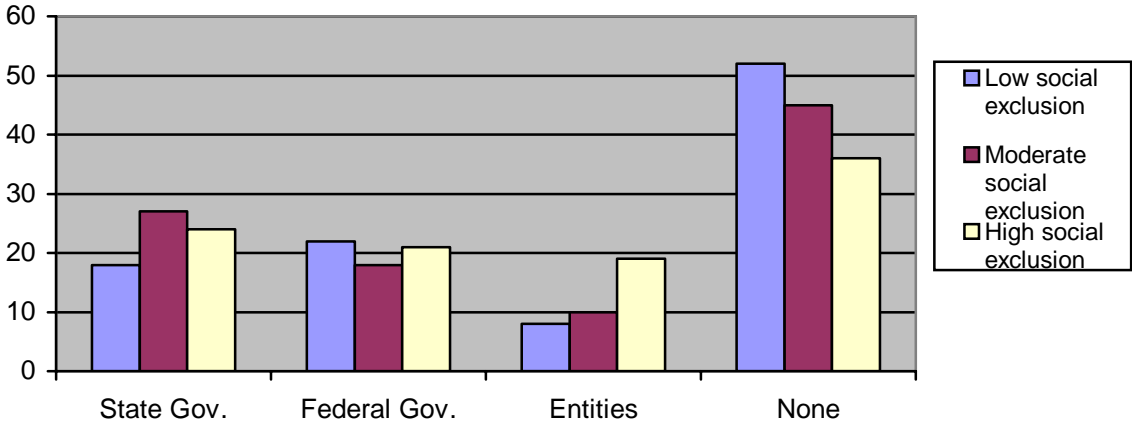
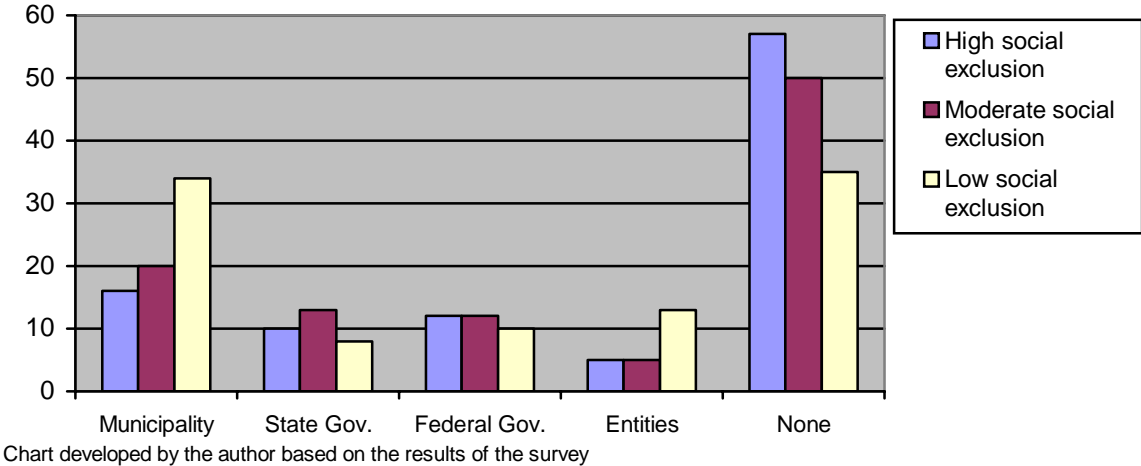


Chart developed by the author based on the results of the survey

Nevertheless, while external actors are not obstacles to be overcome, they are not identified as supporters of the process of innovation in any of its stages. Except in the case of relevant differences in the analyzed municipalities, the support of the federal and state governments to the innovation process, as well as of national and international entities, is indeed small. This situation is a little

different in municipalities with a low degree of social exclusion; they receive some degree of support from national and international organizations. Probably these municipalities have better connections to innovation networks (Chart 5), as well as better administrative capacity to find, request, obtain and finally implement those supports.

**Chart 6. Learning the innovation**



This hypothesis can be substantiated with the data in Chart 6. When inquiring if other actors had wanted to obtain information about the functioning of the project or expressed a desire to implement it in another organization (municipal, state or federal), the majority of the municipalities with high and intermediate degrees of social exclusion replied that no other municipal government or agency of the federal or state government, nor a national or foreign entity had requested information with the purpose of learning about the program. While this is the most frequent answer in municipalities with a low degree of social exclusion, it is equivalent to that of the ones that claim to have initiated an educational process to replicate their experience.

### ***The consolidation of innovation in Mexico's municipalities***

Discussing the variables that foster the anchoring of innovative practices in the municipal governments, as well as the tendencies that are seen in the consolidation of the innovation process, is crucial to the research of the local space. In many cases, the start of the *three-year* cycle of municipal reinvention is the barrier that defines the implementation of innovative programs, even in the case of the ones that are considered successful.

**Chart 7. Continuity of successful innovations**

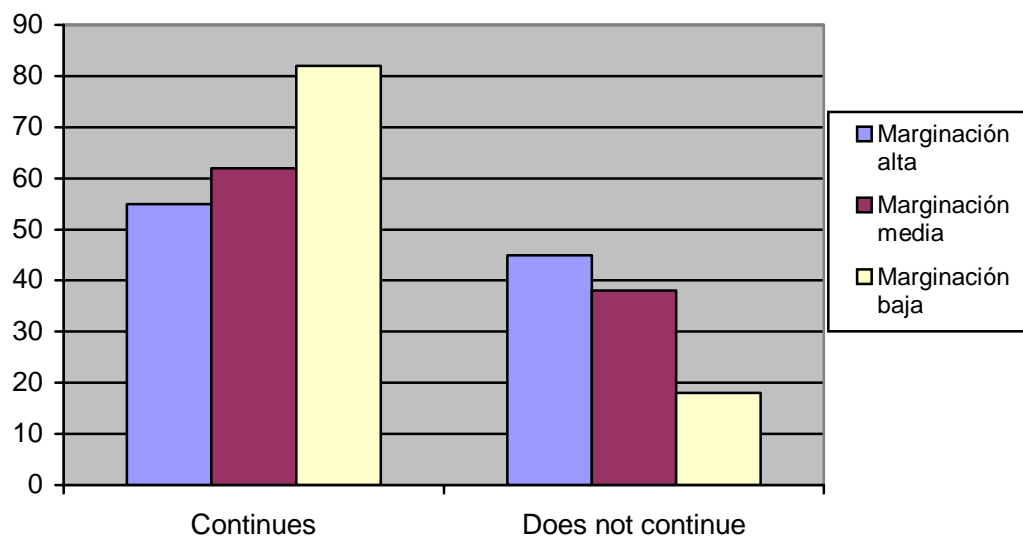


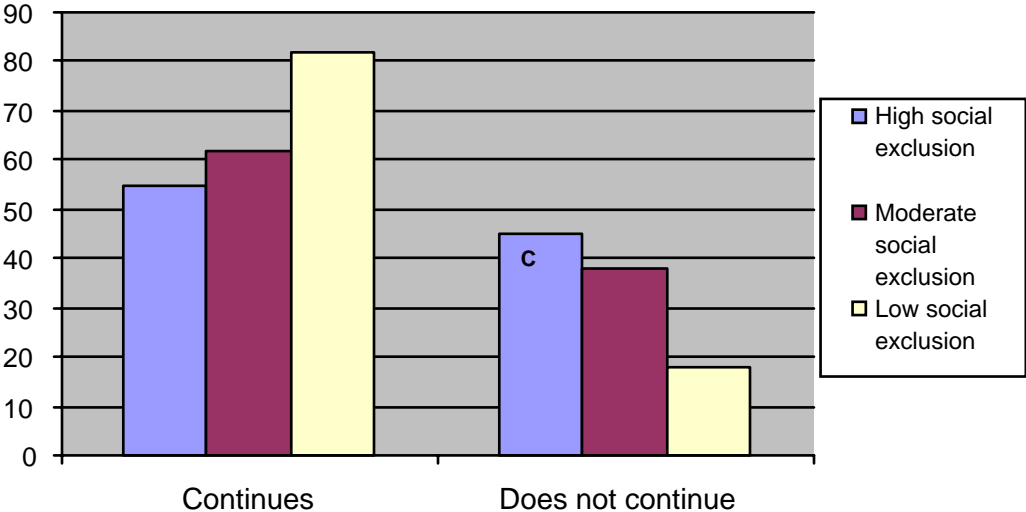
Chart developed by the author based on the survey

According to the results of the questionnaire, about 40% of the innovative programs developed in the municipalities with a very high and a high degree of social exclusion were unable to overcome a change of administration in the municipal government, or even had no continuity under the administration that



started them (Chart 7). It is important to point out that this information comes from the questionnaire submitted to the finalist programs of the PGyGL, which were the best examples of innovation in the years 2001, 2002 and 2003. In reference to the municipalities with a low degree of social exclusion, about 20% of the innovative programs have been suspended.

**Chart 8. Consolidation of Innovation**

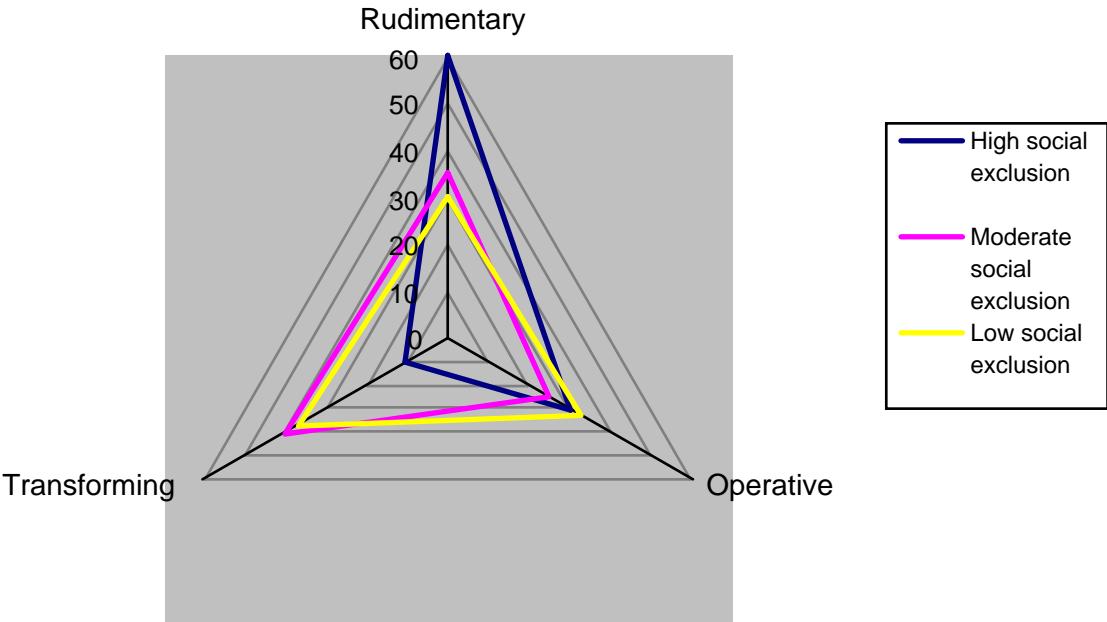


What types of innovations survive the change of administration? According to the results of the questionnaire, and following the proposed methodological framework for analyzing innovation, in general terms only 37% of the programs that are still operating in 2004 have reached a level of transforming innovation. While 28% of these innovations report having a positive impact on the communities in which they are implemented, they only reach a rudimentary level.

In this sense, it is interesting to point out that 60% of the programs that attained continuity in the municipalities with a high degree of social exclusion are rudimentary innovations (Chart 9). The analysis of this fact is extremely important.

If the hypothesis that municipalities “solve” (temporarily) the problems of the public agenda that are not solved through the traditional mechanisms of government (therefore, long-term problems), then we find that the majority of the innovative policies that manage to survive the changes of administration in the municipalities with the most precarious institutional, administrative and social structures in the country are programs that do precious little to transform their organizations and their administrative functioning. They also have a very small impact on the consolidation of citizen networks and on the generation of mechanisms aimed at expanding democratic governance. If the capacity to innovate is presented as a parameter to determine if the living conditions of the community have worsened or improved because of the activities of local governments, this information tells us that the disparities are increasing.

**Chart 9. Continuity and level of innovation**



According to the same chart, it is apparent that 40% of the programs that attained continuity in the municipalities with a moderate degree of social exclusion are transforming innovations. Also, about 40% of the programs of the municipalities with moderate and low degrees of social exclusion are operative innovations, while 10% of the innovations of the municipalities with a high degree of social exclusion can be classified as such.

What helps some innovative experiences survive changes of administrations? Among the variables that foster the anchoring of innovative programs, one that stands out is the participation in the process by other actors. If, as we have discussed, the weak institutional structures and the precarious development of the administrative structure are elements that reduce the possibility that innovations survive the changes of administrations, then parallel structures and informal arrangements are variables that increase their chances of taking root. According to Chart 10, the use of citizen councils for the operation of programs is seen in about 60% of the programs of the municipalities with high and moderate levels of social exclusion that survived changes of administration. The functioning of these councils spans from that of being operating branches of the program (with little decision-making power) to centers of analysis, design, discussion and approval of public actions. In other words, they are councils whose degree of independence and action is extremely variable.

**Chart 10. Participation of other actors**

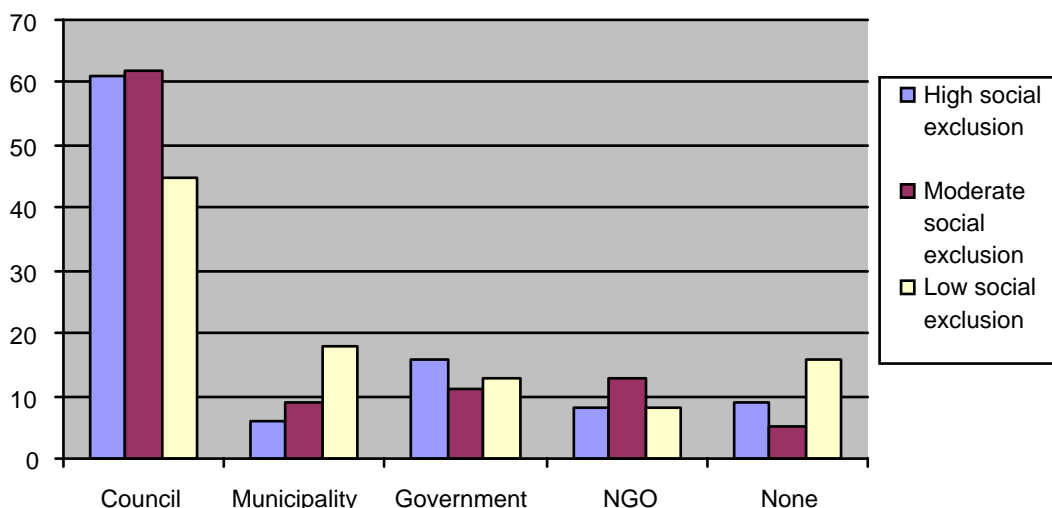


Chart prepared by the author based on the database

The presence of other external actors, such as partnerships with other municipalities, government agencies or citizens' organizations, fluctuates. In none of the cases are these external actors a critical element. The partnership with other municipalities is significant only in the municipalities with low social exclusion (about 20% of the analyzed cases). Nevertheless, in general terms, the presence of other actors is always significant. In other words, their presence, or lack thereof, makes a difference.

Is the use of councils something exclusive to the programs that survive the changes of administrations, or is it a common practice in the operation of municipal programs? The analysis of a random sampling of the 75 programs that participated in the PGyGL shows that only 19% of the programs operate with the assistance of a citizen council. In other words, a larger number of the programs

that survived the changes of administrations operate with citizen councils than the rest of the programs self-classified as innovative.

A fact that strengthens the hypothesis of the preponderance of the informal arrangements over the institutional adaptations to promote the *sustainability* of the innovation is the one that appears in Chart 11. According to the results of the analysis of the database, fewer than 10% of the programs in all municipalities are backed by a law that regulates their operation and requires their continuity. In the case of municipalities with a low degree of social exclusion, the use of rules and regulations is relatively common. Nevertheless, the majority of municipalities that developed a program that they consider innovative prefer to use some kind of *system* in the daily operation of the municipality. It is interesting to point out that the number of the latter is larger than the national average. In this case, we may assume that a necessary condition for the continuity of innovative practices, regardless of their intrinsic features and their operation, is the use of systems for organizing the municipal structure.

When expressly asked why the program had continued (in this question the survey allows respondents to answer more than one section), 31 municipal officials answered that the reason for the continuity was the attitude of the citizenry. Thirty-one municipal officials stated that the municipal administration had considered the results of the program positive. Twenty-four said that, in general terms, there had been continuity in the municipal public policies. Twenty-three answers point to the leadership of the people working in the program, and 23 others mention the continuity of the work team. Only nine answers say that law mandates the continuity of the program.

What are the reasons for discontinuing the program? One of the questions in the survey was the reason for its termination. This question was posed to the official responsible for the area that had stopped implementing a program that was

considered successful. In all cases, and in direct relation to the degree of social exclusion of the municipality, the most frequent answer was lack of information, followed by inertia and internal instability created during the changes of municipal administrations (Chart 12). Therefore, elements that tend to prevent the continuation of *innovative* programs initiated by the prior administration and considered successful by external experts include: the lack of mechanisms necessary to systematize the processes and procedures that guide the implementation of the program; recurrent changes in the administrative and managerial staff of the municipality; and the lack of tools required to develop an organizational memory. It is to be expected that the lack of information will be ever more pronounced in the municipalities of the country that have not participated in PGyGL, given the fact that the programs analyzed in the questionnaire had the backing of publications and videos that showed, through case studies, their operation and results.

**Chart 12. Reasons for suspending the program**

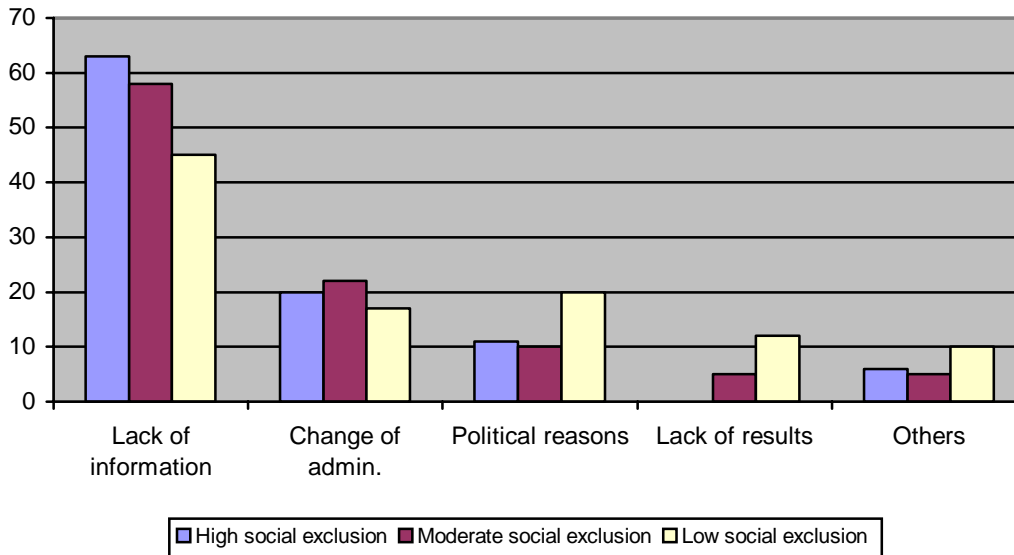


Chart developed by the author based on the results of the survey

In light of the problems of information asymmetry and processes of rupture of local political groups, is there a better possibility that the program will continue when the political group that initiated the program wins again in the municipal election? As per the database and the survey, there indeed is. However, this does not happen in the same proportion in all the groups of municipalities, nor is it a variable that should be analyzed in an isolated way. If we only take into account the change of ruling political party, we find that the municipalities with high and low degrees of social exclusion tend to replicate few of the programs initiated by former administrations (Chart 13). This is in part an example of the fact that the lack of administrative systems and institutional structures reduce the possibility of transmitting information about the implementation of the program among the areas of the municipal government and between administrations, particularly when there is a process of political rotation. Another explanation is the high dependency of the

programs on the leadership of the municipal president (as is shown in Chart 13). In the context of elections and changes in municipal administrations with a high level of conflict between political groups, there is a tendency to drop the programs that are highly identified with the personal leadership of the outgoing mayor.

**Chart 13. Rotation and Consolidation**

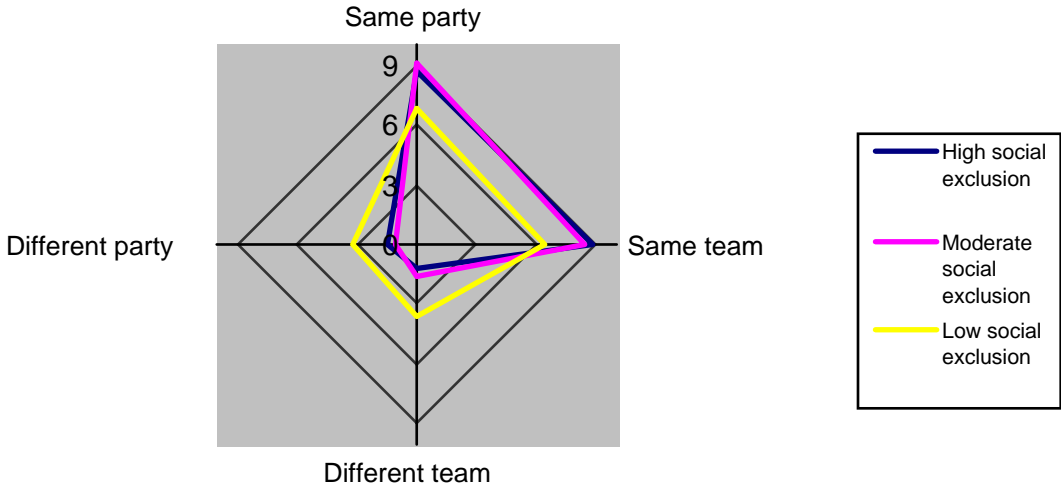


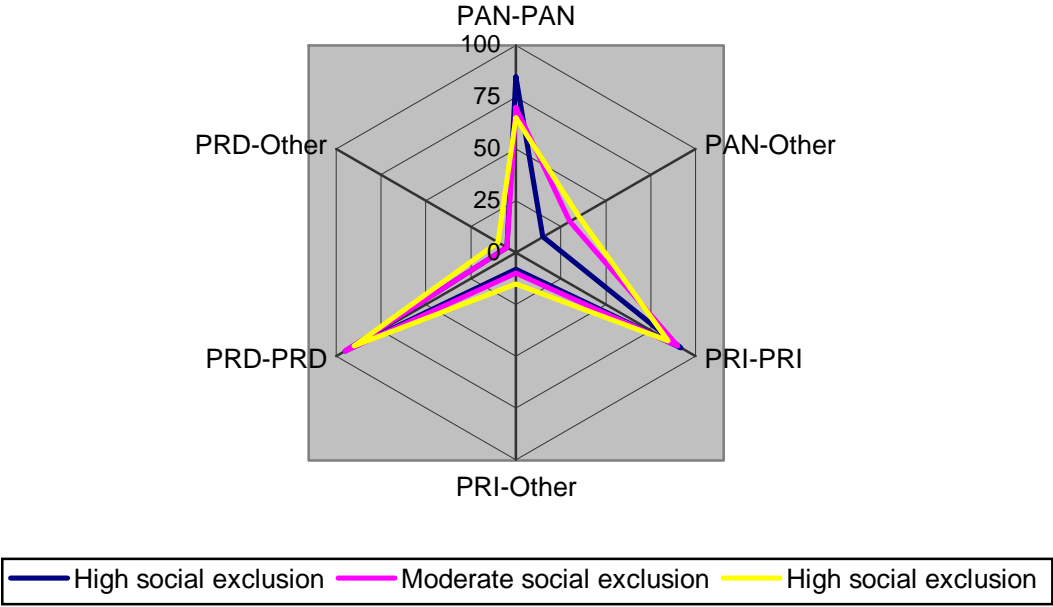
Chart developed by the author based on the results of the survey. The data are percentages that add up to 100% of the programs of each analyzed group.

In the same sense, when we analyze the permanence of the programs from the perspective of the continuation of the working team in the municipal administration, we see that innovation in municipalities with high and moderate degrees of social exclusion is highly dependent on the continuation of the group of workers (or the director of the program) that originated its implementation. In the case of municipalities with a low degree of social exclusion, there is a better possibility that, even with rotations, the program will continue. Again, we observe a fledgling functioning of the administrative structure of municipalities with a low



degree of social exclusion that comparatively tends toward the inertia and organizational learning typical of bureaucratic organizations.

**Chart 14. Adoption of Programs**

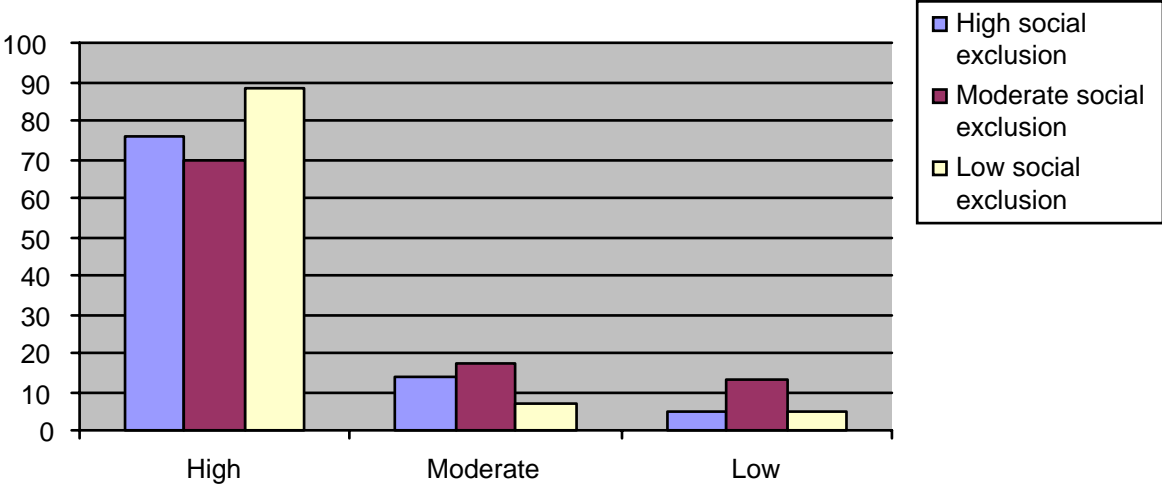


Given the processes of rupture, do different political parties respond in similar ways to the innovations fostered by prior administrations? The analysis of the 271 programs that survived changes of administrations shows that there are in fact differences in the way in which political parties react to programs initiated by prior municipal administrations. As Chart 14 shows, the *Acción Nacional Party* (PAN, considered a center-right, entrepreneurial party), particularly in municipalities with moderate and low degrees of social exclusion, tends to continue the programs initiated by prior administrations, even when it is governed by a different political party. On the contrary, the *Revolución Democrática Party* (PRD, center-left) tends to repeat almost exclusively only the programs initiated by a municipal administration governed by the same political party. This tendency is

also repeated in the *Revolucionario Institucional Party* (PRI, the ruling party for many years), even though with a larger proclivity than the PRD's to continue programs started by an administration governed by a different political party. The PAN is also the political party that continues more programs initiated by prior administrations, regardless of the former ruling party (44% of the cases), followed by the PRI (35% of the cases), the PRD (15%), and other parties (6%).

It is pertinent to question whether the analysis of the political party is an isolated issue, or if there might be other elements buried in the electoral and rotation processes of the ruling party that merit exploration. Based on the analysis of 40 programs in the database, selected for having pertinent information, there is another variable in the context that ought to be studied more closely: the level of electoral competition<sup>13</sup> (Chart 15).

**Chart 15. Electoral competition and consolidation of the innovation**



**Chart based on the analysis of 40 programs from the database. The percentages add up to 100%**

This analysis shows a much higher tendency to continue programs initiated by prior administrations in municipalities with high levels of electoral competition in the past two elections. In other words, the municipalities in this sample represent electoral processes with a high degree of competition among the contending parties. The logic suggests that when there is a high degree of electoral competition, there is a perceived need to report immediate results to the citizenry in a larger scale than in municipalities with a low degree of electoral competition. Following this logic, the situation creates incentives to continue the programs that report favorable results. Nevertheless, if the variable with the greater weight to drop the programs is lack of information, why is it obtained in municipalities with a greater degree of electoral competition? Could it be possible that in contexts of high electoral competition there is also a greater stability of the administrative body, and that this allows the continuity of information and, therefore, of the program? This finding would be counterintuitive if we take into account the tendency of post-electoral conflicts to arise in closed elections, in which the conflict among political groups is exacerbated and the possibilities of continuity diminish. That is why the follow-up of the innovation is a variable in the analysis that ought to be explored in further detail in future research.

---

<sup>13</sup> For further information about the level of electoral competition, see Annex about the methodology notes at the end of the document.

## ***Conclusions***

From a social point of view, innovation is the adoption of a new idea; it is performing in a different way. Innovation involves new behaviors, and even new patterns of roles and norms, of institutions or practices. From this perspective, adapting to the demands of the environment requires innovation. Since the 1980's there has been in Mexico a great deal of academic interest in the study of municipal innovation. These studies have successfully explored the arena of public policy (Cabrero, García Del Castillo, Mejía, Arellano), the financial administration (Cabrero, Díaz Cayeros), the forms of political and administrative organization (Guillén, Merino, Pardo), and the collective strategies to encourage, channel and make good use of the citizens' participation (Ziccardi, Merino, Bazdresch, Díaz). These studies take into account the constant pressure on local governments to improve their efficiency, efficacy and legitimacy, as well as the perception of the citizens who receive second-rate public services (García del Castillo, 1999). While the citizens' dissatisfaction with the delivery of public services is not a recent element, factors including the decentralization of power and resources, together with elections involving real participation of opposing parties, as well as the organized emergence of pressure groups (Grindle, 2003), have increased the demands on the government, that has in turn sought to respond by adapting or reinventing itself.

I mentioned in the introduction the existence of two paradoxes in the process of innovation. The first is that in many of the successful experiences innovation does not emerge as a result of the incentives of the institutional design, nor of the implementation of strategies of adaptation of the bureaucratic organization to the needs of the citizens. Instead, innovation is an informal and temporary adaptation to the limitations of the environment. It is not a process caused by the incentives of an adequate institutional framework, nor a means to

get around the lack of flexibility of the bureaucratic organization through the implementation of managerial systems. Innovation comes about because of a lack of institutions and because of consolidated models of bureaucratic organizations.

This is why there is another paradox in Mexico's innovation: it requires the drafting of norms that turn innovative practices into governmental processes. The literature about innovation mentions crises as one of the elements that motivate its emergence. Nevertheless, in those studies crises arise as a result of the limited capacity of bureaucratic organizations to adapt to new situations around them. Consolidated organizational structures in solid institutional frameworks are unable to deal with certain circumstances using their established methods and procedures. The existing systematized and standardized methods of government are unable to respond to the constantly changing needs of the citizens. In the face of that, the managerial response is to foster a climate that supports creativity in the organization, motivating government officials to find new ways of action or organization. They want the bureaucratic organization to focus on the satisfaction of the *client-citizen* (Bozeman, 2000).

Nevertheless, the literature has not yet analyzed the relevance of the innovation when its main challenge and implicit usefulness is not only to open up the process of reform to society, but also to encourage the systematization of governmental processes. In other words, there needs also to be an analysis of those cases when it is considered that the reform agenda does not require an immediate transition from the Weberian (rigid and based on rules) to the administrative model of organization (flexible and oriented to citizens), but rather a change from a model of a pre-bureaucratic organization (Arellano, 2003) to one that is focused on communication, training, regulation and vertical and horizontal organization. The goal is to use innovation as a tool of municipal governments to propel its modernization, and not as a means to correct the "dysfunctionalities" created by its modernization.

In Mexico, even though local governments are slowly changing and innovations are increasingly present, it is still not clear whether a deep institutional change is taking place in the municipal spaces, or whether it is only an adjustment of the traditional model (Cabrero y García, 2002). According to this research, there is evidence that what we are seeing are not only adjustments of the traditional model, but also temporary and asymmetrical adjustments. Likewise, the diversity of problems, institutional skills and political practices in the municipalities still show us two different agendas in local governments: one of innovation and another of change. In the government, part of the reform requires actions that foster technical development, systematization of processes and transparent use of resources. In contrast, in the local arena, the existence of strong political figures, the lack of professionalism of public officers and the resistance to add transparency to the activities of the government exacerbates this need.

Due to the flimsiness of the institutional design and its model of *pre-bureaucratic* organization, innovative programs tend, almost unavoidably, to disappear. The process of innovation is discontinued when the municipal administration changes (every three years), or the promoter of the innovation leaves the organization. In the absence of a professionally oriented public service in the municipal arena, usually the first event carries the second. That is why the dissection of the process of the maturing and spreading of the innovation does not show a dysfunction, but rather a pathology of the local government, translated into systematic attempts every three years to try (maybe by means of different mechanisms) what had been attempted before, or of ignoring what was learned elsewhere. That is why, after the emergence of an innovative experience of government that ought to be continued, it is the case that in municipalities with a precarious administrative organization, the improvement of government practices and the development of higher-level innovations requires an *involution* of the process of the promotion of the innovation. The attention of the organization must

be focused on maintaining the routine, and not on encouraging or allowing its relaxation.

In bureaucratized organizational contexts, innovations appear as an idea that pretends to improve the established performance. Once the idea is consolidated, experts and professionals implement the innovative idea through a process of trial and error (Mahajan, 1985). While some consider that this process may be chaotic (Utterback, 1994), it is expected that the institutional framework will apply effective controls at all times (Krugman, 1996). Then, after some time, the social system in which the innovation has been implemented becomes part of the structure. Finally, when the innovation has existed for a considerable period, and the means of its implementation have become the dominant procedure, the innovative practice becomes part of the social system (Nicolis and Prigogine, 1989). However, in Mexico's social government, this virtuous process of consolidation of good government practices is truncated by the inevitable change of municipal administrations.

In keeping with the managerial logic, the traditional outlook of innovation states that an environment that fosters innovation allows decision makers to bypass the norms and procedures while searching for alternative solutions to public problems. In developed institutional contexts and models of bureaucratic organization, the assimilation of innovation and its translation into routines and standard procedures is a natural, and even obvious, part of the administrative process. In contrast, in a significant number of Mexico's municipalities it becomes necessary to adopt a scheme of intense "*routinization*" in the stage subsequent to the innovation. In other words, it is necessary to adopt efficient administrative controls that will assure the repetition of the processes. Aspiring to higher levels of innovation requires a decisive adoption of an organizational climate that, according to the literature, is counterintuitive for fostering innovation. Afterwards, flexibility could come into play.

Based on the results of this study, it is still necessary to analyze what happens with government networks in the processes of innovation. Is the learning and spreading of innovation transmitted through local (regional) networks, or through national agencies or organizations? Is innovation assimilated in the same way in the different regions of the country and through each municipal typology? It is also important to clarify the effect of the asymmetries that are observed in the process of spreading the innovation. If we understand that it is the social system in which the innovation is applied, as Rogers (1995) suggests, then we should explore what happens with the elements that take part in the process and in the existing channels of communication. The channels of communication are formed by internal and external channels. The internal channels are the informal and external means of communication within the organization. The external channels include interaction with government agencies, international entities, academic institutions, and non-government organizations, as suggested by Mahajan and Peterson. There is a third paradox to explore, and that is whether the rudimentary institutional and organizational capacity of the municipalities to act in the long term as self-regulated systems requires the participation of external organizations in the process of spreading the innovation. The paradox in question is whether if in using external channels to spread the innovation without any measures to strengthen the internal channels, there is then a tendency to enlarge the differences in the quality of government among municipalities, given the differences in access that they have to external channels, as is shown by the results of the study.



## Bibliography

Bailey, John. "Centralism and Political Change in Mexico: The Case of National Solidarity." In *Transforming State – Society Relations in Mexico: The National Solidarity Strategy*, 97-119. University of California, San Diego: La Jolla: Center for US-Mexican Studies, 1994.

Bazdresch, Miguel, comp. *Gobiernos Locales: El Futuro Político de México*. Guadalajara, Jalisco: ITESO-IGLOM, 2000.

Cabrero, Enrique. *La nueva gestión municipal en México: Análisis de experiencias innovadoras en gobiernos locales*. México DF: Miguel ángel Porrúa – CIDE, 1995.

Cabrero, Enrique. "Políticas de modernización de la administración municipal. Viejas y nuevas estrategias para transformar a los gobiernos locales." *CIDE. Documento de Trabajo*.128 (2003).

Cabrero, Enrique, and García Gilberto. "Introducción." In *Innovación en Gobiernos Locales, un recorrido a través de programas municipales que funcionan*. México, DF: CIDE - Fundación Ford, 2003.

Chandler, J.A., ed. *Local Government in Liberal Democracies*, 2d enl. ed. 1993. London and New York: Routledge, 1993.

Deutsch, Karl W. "On Theory and Research in Innovation." In *Innovations in the Public Sector*, 17 - 35. London, England: Sage, 1984.

Diaz Cayeros, Alberto. "Federal Resource Allocation under a Dominant Party: Regional Financial Transfers in Mexico." delivered at the American Political Science Association. San Francisco, 1996.

Diaz Cayeros, Alberto, and Gustavo Merino. "The Measuremet of Mexican Federalism." *Documento de trabajo. Centro de Investigación para el Desarrollo, AC, México, DF* (1998).

Flores, Arturo. "Tlalpan Neighbourhood Committees: A True Participatory Option." In *Public Participation and Innovations in Communyty Governance*, 63-76. Hants, England: Ashgate, 2002.

- Frederickson , George H., Gary Alan Johnson, and Curtis Wood. “The Changing Structure of American Cities: A Study of the Diffusion of Innovation.” *Public Administration Review* 64.3 (May 2004).
- García Del Castillo, Rodolfo. *Los Municipios en México*. México, DF: Miguel Ángel Porrúa - CIDE, 1999.
- Guerrero, Juan Pablo, and Tonatiuh Guillén, comps. *Reflexiones en torno a la reforma municipal del artículo 115 constitucional*. México, DF: Miguel Ángel Porrúa-CIDE, 2000.
- Guillén, Tonatiuh. *Gobiernos municipales en México. Entre la modernización y la tradición política*. México, DF: Miguel Ángel Porrúa - Colegio de la Frontera Norte, 1996.
- Guillén, Tonatiuh, comp. *Agenda de la Reforma Municipal en México*. México, DF: CIDE, 2000.
- INDESOL-INEGI. *Encuesta Nacional sobre Desarrollo Institucional Municipal*, 2000.
- INDESOL-INEGI. *Encuesta Nacional sobre Desarrollo Institucional Municipal*, 2002.
- Kemp, Roger L., ed. *Regional Government Innovations*. London, England: McFarland and Company, Inc, 2003.
- Krugman, P. *Self-Organizing Economy*. Malden: Blackwell, 1996.
- Liebmann, W. George. *Solving Problems Without Large Government*, 2nd ed. 2000. Westport, Connecticut, London: Praeger, 2003.
- Lujambio, Alonso. *El poder compartido. Un ensayo sobre la democratización mexicana*. México, DF: Oceáno, 2000.
- Lujambio, Alonso. *Federalismo y Congreso en el cambio político de México*. México, DF: UNAM, 1995.
- Mahajan, J, and R.A. Peterson. *Models for Innovation Diffusion*. Thousand Oaks: Sage Publishing, 1985.
- Majone, Giandomenico. “Policy Analysis and Public Deliberation.” In *The Power of Public Ideas*. Cambridge, MA: Harvard University Press, 1988.
- Martinez Uriarte, Jacqueline, and Alberto Diaz Cayeros, comps. *De la Descentralización al Federalismo*. México, DF: Miguel Ángel Porrúa - CIDAC, 2003.
- McLaverly, Peter, ed. *Public Participation and Innovations in Community Governance*. Hants, England: Ashgate, 2002.

- Merino, Mauricio. *En busca de la democracia municipal: La participación ciudadana en el gobierno local mexicano*. México, DF: El Colegio de México, 1995.
- Merino, Mauricio. "Los gobiernos municipales en México: El problema del diseño institucional." *CIDE. Documento de Trabajo*.145 (April 2004).
- Merritt, Richard L., and Anna J. Merritt, eds. *Innovation in the Public Sector*. Vol. 4. London, England: Sage, 1984.
- Meyer, Lorenzo. "Un tema añejo siempre actual." In *Descentralización y Democracia en México*, 23-32. México, DF: Colegio de México, 1986.
- Mintrom, Michael. "Policy Entrepreneurs and the Diffusion of Innovation." *American Journal of Political Science* 41.3 (July 1997): 738-770.
- Mintroom, Michael. "Policy Entrepreneurship in Theory and Practice: A comparative State Analysis of the Rise of School Choice as a Policy Idea." Ph.D Dissertation, State University of New York, 1994.
- Nahum, Ben - Elia, ed. *Strategic Changes and Organizational Reorientations in Local Government*. New York, NY: St. Martin's Press, inc, 1996.
- Nicolos, G, and I Prigogine. *Exploring Complexity: An introduction*. 1989. New York: Piper, W.H. Freeman and Company.
- Polsby, Nelson. *Political Innovation in America: The Politics of Policy Initiation*. New Heaven: Yale University Press, 1984.
- Sabatier, Paul A. "An Advocacy Coalition Framework of Policy Change and the Role of Policy-Oriented Learning Therein." *Policy Science* 21 (1988).
- Smith, James. *The Idea Brokers*. New York: The Free Press, 1991.
- Utterback, J.M. *Mastering the Dynamics of Innovation*. Boston: Harvard Business School Press, Cambridge, 1994.
- Veliz, Claudio. *The Centralist Tradition in Latin America*. Princeton, N,J: Princeton, 1994.
- Watson, J. Douglas, ed. *Innovative Governments*. Westport, Connecticut, London: Praeger, 1997.
- Wayne, Cornelius. *Local Politics and Democratization: A Reconsideration of Center-Peripher relations in the Mexican Political System*. Oxford University: Latin American Center, 1996.

- Wayne, Cornelius. *Local Politics and Democratization in Mexico*. San Diego, Ca: La Jolla: Center for U.S.-Mexican Studies. University of California, San Diego, 1997.
- Wayne, Cornelius, Ann L Craig, and Jonathan Fox, eds. *Transforming State – Society Relations in Mexico: The National Solidarity Strategy*. San Diego, Ca: La Jolla: Center for US-Mexican Studies, University of California, San Diego, 1994.
- Weldon, Jeffrey. “The Political Sources of Presidentialismo in Mexico.” In *Presidentialism and Democracy in Latin America*. London: Cambridge University Press, 1997.
- Willis, Eliza, Christopher da C. B. German, and Stephan Haggard. “The Politics of Decentralization in Latin America.” *Latin American Research Review* 34.1 (1999): 7-56.
- Wilson, James Q. *Burocracy: What Government Agencies Do and Why They do It*. New York: Basic Books, 1989.
- Ziccardi, Alicia, comp. *La Tarea de Gobernar: Gobiernos Locales y Demandas Ciudadanas*. México, DF: Miguel Ángel Porrúa - IISU, 1995.