

**FROM CRISIS MANAGEMENT TO
SUB-NATIONAL LEVEL STRATEGIC PLANNING
CITIZEN PARTICIPATION AS A CATALYST
THE CASE OF NUEVO LEON, MEXICO**

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May 2012**

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Abstract

This paper explains how Nuevo Leon, a federal state in northeastern Mexico (capital city, Monterrey) is attempting to institutionalize its strategic planning for social and economic development for a 15-year horizon. The idea is to go beyond the 6-year term of state administrations and to have continuity in critical public policies and strategic projects. Participation by business people, academics and public officials in a Council chaired by the Governor is stressed. These efforts are a continuation of the experience acquired with the reconstruction of Nuevo Leon after the devastation caused by Hurricane Alex (June/July, 2010). They have allowed, thanks to intensive citizen participation in planning and control of the work, to finance and execute a three-year program of 8,000 public works projects to overcome the macro-emergency, which severely affected the infrastructure, production, exports and basic public services for the population, in a particularly complex context.

Introduction

One of the deficiencies often observed in intermediate developing countries is the absence of a long-term vision for the future on the part of governments and their main economic and social agents. They, therefore, do not have consistent public policies and strategies with long-range targets that will act as the contexts in which the players in the development process can embed their own activities. This results in frequent changes in direction and the accompanying waste of resources. This points to the importance of examining the conditions, which could favor the implementation of a strategic planning framework within the political, economic and social setting, corresponding to a sub-national intermediate development region, as is our case.

The purpose of this paper is to explain how Nuevo Leon, a federal state in north eastern Mexico, is attempting to institutionalize its strategic planning by means of a mixed government-citizenry approach, fundamentally based on its experience in dealing with a large scale emergency situation caused by the Hurricane Alex, in the middle of 2010.

For this purpose, first we describe in a very succinct manner, what the characteristics of the hurricane were and its main consequences. This is followed by a brief explanation of the main political, economic and social characteristics of the State of Nuevo Leon at the time, paying

particular attention to the bearing they have in order to understand the material and institutional constraints that needed to be faced in order to overcome the emergency situation. Next is a section explaining the way in which the State Government and the Federal Government, by virtue of their respective powers, organized the response to the emergency. Following that, is a detailed explanation of the Reconstruction Council, which has been a key element in overcoming the disaster and which, per its results, has given rise to the intent of the State Government to formally adopt strategic planning as the context for its own plans and programs, as well as those of the business sector and of social organizations, as explained in the following section, after a brief introduction on the importance of social participation in the decision-making process regarding matters of public interest. Finally, we have included a brief section on the final considerations in which the main lessons learned from this experience are reviewed. (See table 1)

1. - Effects of Hurricane Alex in Nuevo León

On June 30, 2010 and the two following days, we felt the full force and the effects of Hurricane Alex as it passed over northeastern Mexico. For Nuevo Leon this was an unprecedented phenomenon in our modern history, despite the fact that our earlier history has been marked by floods with catastrophic consequences. The metropolitan area of the Capital City, Monterrey, we had rainfall of 446 mm (17.5 in. in just 24 hours), close to double the maximum historical record of 280 mm (11.0 in) for the same time period, caused by Hurricane Gilbert in 1988, the immediately preceding high-impact event which caused 318 deaths. As an additional reference one might consider that the total annual average rainfall is 610 mm¹ (24 in) for this area, and that during the 7 days of “Alex” the rainfall was 853 mm (33.6 in). The damages were mostly to infrastructure. Fourteen human lives were lost, which represents a relatively low number if compared to earlier weather phenomena of similar scope.

The Monterrey Metropolitan Area concentrates 95% of the population of the State, which historically has followed a polarized pattern of population settlement, i.e. urban concentrations along with a great dispersion of small towns and rural communities. The State Capital, like many other towns in Nuevo Leon, is located at the foot of the Sierra Madre Oriental mountain range, from which great torrents of water come down during the rainy season. . The consequences of “Alex” were mitigated by the construction of a regulating dam a few years earlier, which reduced the force and volume of the currents and because the alarm and civil protection systems worked properly.

In the rural area 97 bridges and crossings were destroyed; 49 spans of roads suffered severe damage, this isolated dozens of communities. In the urban setting, 7 million 600 thousand square meters (82 million square feet) of street surfaces were damaged, and more than 230 bridges and waterway crossings were destroyed. The main local, regional and national thoroughfares were

¹With information of “Slide Showing Monthly Average Rainfall. - CONAGUA/SEMARNAT.
http://smn.cna.gob.mx/index.php?option=com_content&view=article&id=26&Itemid=119”

seriously affected, and that, in fact, was the greatest challenge in returning to normal. 1500 schools were damaged and 34 became unusable; 5 000 homes were destroyed or severely damaged, and they had to be replaced. A little over 16 thousand families lost their appliances. Drinking water services were interrupted for 37% of the population in the metropolitan area most water treatment and purifying plants suffered significant damage. The beds of the two main rivers that cross the metropolitan area became severely obstructed which threatened to cause new adversities; our water, sewage and storm drainage infrastructure located in said riverbeds was mostly rendered useless. In sum, the state and its principal urban area were momentarily confronted by a severe collapse.

2. - Context in which the catastrophe occurred

A brief description of different circumstances occurring in Nuevo Leon at the time of the catastrophe caused by the hurricane will be helpful in understanding better the way in which it was faced and overcome.

2.1. - Structural harshness in State Government finance

The availability of funds is critical to deal with any emergency situation. It is important to take into account that the Government of Nuevo Leon has been operating with very tight budgetary constraints. This is mostly due to structural factors that can only be resolved at mid-range or in the long term. First: Most of the budget is assigned to line items that no longer have the flexibility to be curtailed, such as education, health services, public safety and pensions. Specifically, 44% of the total educational outlays is funded with state resources—the average of the other states is only 34%— the difference amounts to about 100 million dollars per year. On another line item, the State Government contributions to the pension system amount to approximately 200 million dollars a year and it tends to grow at an accelerated rate. .

Second: While Mexico is formally a federal republic, its fiscal resources are acutely centralized. The revenues of the State Government depend largely on funds allocated to the states by the Federal Government. Only 13% of the State budget is covered with its own funding. Dependence on the national finances is acute in each of the Mexican states. The mathematical formula for the allocation of federal funding through the so-called “*participaciones a los estados*” [states’ share] adversely affects the most developed ones, such as Nuevo Leon, as understandable, the Federal Government applies a redistributive policy. Thus, Nuevo Leon, as a net contributor to national finances, generates 8% of the country’s GDP and gets back a mere 4.8% of the total federal allocations.

The “allocations” are resources distributed to the states by the Federal Government in exchange for having waived local taxes repeatedly over the course of the years since the 1940s when local taxes were cancelled for simplification purposes. These “allocations” are not subventions and can

be freely used. This line item represents approximately 30% of the total State budget, which means that the State can freely use a little less than half of its budget, as the rest is comprised by Federal funds aimed at operating the educational and health systems, mostly.

In per capita terms, the inhabitants of the State receive 50% less federal money than the national average.

Third: Under these circumstances, the funds available for investments or to face emergencies are extremely limited and, therefore, have to be supplemented with public debt. Nevertheless, the amounts of this debt and the rating levels that it has substantially constrain the capacity to incur in additional indebtedness.

2.2. - An obsolete system of metropolitan governance

While Nuevo Leon is indeed a comparatively advanced state in the midst of the Mexican Federation, its administrative capabilities have not been fully developed. The procedures that were in force at the time of the hurricane emergency were designed to deliver the public services routinely demanded by the population in a more or less efficient manner. Although the Civil Protection services worked effectively and made it possible to solve the most pressing problems, we had not advanced in structuring agile and flexible processes, designed to rapidly respond to an extraordinary —because of its scope and complexity— situation.

In Mexico, a Federal Republic with three levels of government (national, state and municipal) the urban metropolitan areas comprised by several municipalities, including Monterrey, lack a metropolitan government or even a permanent metropolitan coordination council or agency responsible for dealing with problems such as transportation, public safety, and caring for the environment, among other issues, with an inter-municipal approach. Generally, if some kind of coordination is used it is to resolve specific problems on a case-by-case basis. Thus, the elected mayors of the municipalities that comprise the greater metropolitan areas operate independently. This subjects the ranking of public works and actions and the allocation of resources to local visions and hinders coordination with the other levels of government. It is clear that the federal system contemplates different levels of government (i.e. a Federal Government, 31 states, 2,456 municipalities and one Federal District); and that it prohibits the grouping of municipalities — constitutional rule that can only be explained in a historical context, prohibits the existence of intermediate authorities between the Federal and State Governments— is inadequate when faced with the rise of greater inter-municipal metropolitan areas which in some cases even (although this is not the case of Nuevo Leon) inter-state metropolitan areas as well.

2.3. - Polarized two-party system and an incomplete transition

In Mexico, as in other countries, it is difficult to adopt long-term policies. Public policies are most of the time subject to a vision that does not go beyond the term of a single administration. These may also be conditioned by partisan interests or groups, or by electoral circumstances and to preserve or increase constituents.

In 2000 Mexico began a political transition, which has not yet fully consolidated. Hypotheses may be ventured that inter-government relations are influenced by the partisan affiliation of the different players, i.e. the Federal Executive, the governors and the mayors, to a greater extent than is the case in nations with a more mature plural democracy. (See table 2)

In this case, when the need arose to solve the enormous problems that Alex caused, the coordination among the three levels of government, and in general, the decision-making process, was potentially hindered by the fact that they were headed by members of different political parties.

Likewise, the absence of majorities or coalitions in the Federal Congress or in the local state congresses, subjects bills to difficult negotiation and agreement processes. On the other hand, the chronic weakness of Mexico of having a deliberative political culture has reinforced the tendency to adopt top-down decisions. Nuevo Leon is no stranger to this situation, as since the end of the 90s, it has been characterized by a polarized bipartisanship, which has taken turns in the offices of the executive and legislative branches, and even in municipal governments.

Given these facts, it might be worth considering additionally that Nuevo Leon, as is the case for all other states, has a complex network of permanent representative offices of Federal Ministries and other federal agencies that co-exist with the State Government departments and agencies, the federal having more funds and legal powers than the state administrations. Between both administrative apparatuses, the federal representative offices and the state agencies, dialogue is difficult and can easily become a political discussion instead of a technical one with relative ease.

It becomes evident that this political-administrative context was not conducive to face an emergency that required an urgent solution in as little time as possible.

2.4 New and old social pressures

The social situation was of concern because in 2010, the economy had not completely recovered from the economic and financial crisis that had started in 2008, and a significant number of jobs was lost in Nuevo Leon as its economy is very closely, linked to the US economy. This tended to worsen the financial condition of families. While Nuevo Leon is the state with the lowest rate of social backwardness in this country there still persists a high degree of inequality. The Gini income

distribution coefficient is 0.498, similar to the one observed in all of the Mexican states as a whole, which is 0.509.² A little more than one fifth of the population, i.e. close to one million people, was at the poverty level in 2010. In fact, only 38% of the inhabitants of the state had sufficient income to cover their needs and did not have some form of social hardship.

Additionally, precisely at the beginning of 2010 public safety began to deteriorate seriously, as a result of conflicts among organized crime groups who struggled to gain control of a key region for drug trafficking to the United States. Domestic drug consumption increased; Nuevo Leon, a relatively rich state, became attractive for all sorts of criminal activities such as robberies, extortion and even kidnapping. The most painful expression of this struggle was that from 2009 to 2010, the number of murders went up from 267 to 828, an increase of 210%, while the figure of armed robberies went up from 4 186 to 11 546 during the same period, an increase of 175%.

While the figure of violent deaths have been smaller as of that year and the years that followed, than the figures known for some cities in the US, Central America and South America, the sudden increase has resulted in an understandable concern and occasional anguish in a population who is more used to productive work and legal recreation.

These phenomena together increased the social pressure which was liable to go overboard, given the number of victims, the property and housing losses, the collapse of the metropolitan area, the partial interruption of public services as important as drinking water supply and public transportation, and the damages to workplaces with the accompanying threat of employment losses. Two factors were decisive to prevent a social upheaval. One was the solidarity of the population and their willingness to voluntarily cooperate in the most urgent work. The other was that we were able to solve the most pressing and immediate problems which affected the bulk of the population promptly, including the restoration of public services, humanitarian aid, the recovery of urban functionality to manageable levels and communication with the rest of the country and the US border. There were no riots, looting, or significant public protests by the victims.

2.5 Heightened risk for economic activity

The Nuevo Leon situation was particularly risky. It was not just the magnitude of the damages. Monterrey, the Capital of the State, is one of the main economic drivers of the country. About two thirds of the bilateral trade between Mexico and the US —by far Mexico's main trading partner— go through our state. The per capita income and productivity of the state area is approximately 50% higher than the national average. Having 4% of the nation's population, the state contributes

²National Council for the Evaluation of the Social Development Policy (2010), **Original Poverty Maps and Figures** by state, consulted in March 2012, at <http://www.coneval.gob.mx/cmsconeval/rw/pages/entidades/index.es.do;jsessionid=ef4fd18e8bf2ca233e4e9f4438e444c8e8d5e7fa3cfad21d5f53589b94208fa7.e34QaN4LaxeOa40Nbx10>

8% of the total output —as already pointed out— 10% of industrial production and 15% of industrial exports³. It is the main producer or one of the main producers of a wide range of inputs and final products, such as steel, cement, glass, automotive components, and household appliances and electronic equipment. It is the site of two of the most important educational institutions in the country, and host to a significant number of scientific and technological research centers.

The economic weight of Nuevo Leon, then implied that the disruptions caused by Alex, including damage to the highway and railroad networks which connect it to the Northern border points of entry, would significantly affect not only the state, but also severely hamper foreign trade and regional economic activity. It was undoubtedly the interest of the state and federal authorities to restore normality as soon as possible, particularly in the Capital of the State.

3. - The Council for Reconstruction. A unified reaction to face the tragedy

Given the relative accuracy with which the severity and nature of the storm was forecasted, preventive measures were put in place, such as evacuations of people, which averted greater damages, especially among the most vulnerable sectors of the population. Still, the magnitude of the damages considerably exceeded all projections. The response to this situation was approached in three stages.

The first task consisted of immediately taking care of families and victims in dire risk situations. Shelters were immediately put in operation to harbor them and provide them with safety, food, health services and other basic services. Airlifts were established to aid the inhabitants of communities that became isolated in order to supply them with drinkable water and food. Household appliances were replaced for families that lost them, and various solutions were implemented to restore lost or damaged homes.

During the second stage normality was restored, especially in the urban area. In few days, streets, parks and squares were cleared. Drinking water and sewage services were restored, as was electricity in the whole metropolitan area of Monterrey. Ruined thoroughfares were rehabilitated and, in sum, the basic functionality of the city was recovered. Resource availability was paramount in all of this. The "Immediate Partial Contributions" of the Federal Natural Disasters Fund, aimed at solving urgent priority problems are delivered without much preliminary red-tape, providing their

³ The income and production data were prepared using the figures of the National Institute of Statistics and Geography (2011) **2010 Census of Population and Housing**, consulted in March 2012, at <http://www.inegi.org.mx/est/contenidos/proyectos/ccpv/cpv2010/Default.aspx>; and (2012) **System of National Accounts**, queried in March 2012, at <http://www.inegi.org.mx/est/contenidos/proyectos/scn/default.aspx>; the export information was prepared with figures of the Ministry of Economic Development (2012) "Main Exports by Harmonized Tariff sections," queried in March 2012, at <http://www.nl.gob.mx/?P=datanl>

use is justified at a later time. These contributions were created in 2009 and Nuevo Leon was the first state to use them. Likewise, the DN III Plan of the National Secretariat of Defense, designed for these types of situations, was set in motion. This consists basically in the deployment of the Army and the Navy to aid the civilian population in carrying out evacuations, preserving order, providing sanitary facilities and hot food to evacuated victims.

The third stage was to rebuild the damaged infrastructure. The nature and scope of the damages led to the estimation that it would need a term of three years to carry out and an investment of approximately 1.3 billion dollars in Nuevo Leon and an additional 700 million dollars for the neighboring states of Coahuila and Tamaulipas. The Federal Natural Disasters Fund—the federal agency that approves and finances reconstruction projects— had an approved budget of only 800 million dollars for 2010. The Fund was expanded to 2.3 billion dollars, but the problem of the state contributions still persisted.

In fact, according to established rules, the states are supposed to cover 40% of the total funds approved by the Federal Natural Disasters Fund and use 60% of the resources approved. This joint participation, which amounted to 515 million dollars for the State of Nuevo Leon, in this case exceeded its financial capabilities. It represented approximately three years of investments in public works, and therefore it was necessary to cancel different projects, reroute line items and find different formulas in the face of a situation that seemed unmanageable.

In response to this situation, the Nuevo Leon representatives in the Chamber of Deputies (this legislative body is constitutionally empowered to approve the Federal Budget) lobbied and managed to pass a bill for the creation of a new and *ad-hoc* National Reconstruction Fund additional to other existing provisions for all of the states that suffered damages due to natural disasters in 2010. Faced with a regional emergency, a national policy decision was made through the wide consensus of the Chamber of Deputies.

The Fund allowed the governments of states affected by “Alex” and other catastrophes occurring in 2010, to have access to the necessary funds to cover their percentage of contribution by means of a scheme analogous to the issuance of a zero coupon bond. In other words, the state governments would get a loan but they would only pay the interest on the principal during the term of the bond while the principal was absorbed by the federal government. It is worth noticing and pointing out that the representatives of Nuevo Leon regardless of their political party affiliations equally contributed to the parliamentary negotiations and ultimate approval of the bills for the creation of the Fund and for setting forth its rules of operation, a very uncommon occurrence in any state and in Mexico’s Congress.

The total funding required for the planned three-year reconstruction program was secured with funding from the new Federal Natural Disasters Fund (FONDEN), the National Reconstruction Fund and some reallocations of state and federal resources (See table 3).

The Declaration of Natural Disaster Zone for practically all of the state by the Federal Executive Branch opened the door to the normalization and reconstruction activity. For this, it was important that the authorities acted diligently in the fulfillment of the requirements set forth. In fact, of the states affected by Alex, Nuevo Leon was the first to obtain that Disaster Zone Declaration, which is the legal basis for the granting of extraordinary support and benefits.

The extent of the disaster in terms of infrastructure damage and reconstruction complexity would also require, in addition to funding, to set up planning, managing and coordinating schemes that had hitherto not been applied and with which none of the levels of government were familiar. It became necessary to apply a unity of authorities approach based on trust and to leave behind old distrust and suspicions. Let's not forget that the emergency included economic, humanitarian and social aspects, and that the danger of a catastrophe in these three domains was quite real. Additionally, the contingency provided the opportunity to make the reconstruction go beyond the mere repair of the lost infrastructure but to improve it, modernize it and make it less vulnerable to phenomena similar to Alex making it comply with the current building specifications of water infrastructure projects. It was also an opportunity to correct both legal and illegal actions, which had been tolerated and even authorized before. As this was how the installation of semi-fixed commercial structures and very-low-income family dwellings allowed to settle in the beds of rivers and streams contributed to increase the damage.

An extraordinary situation that could not be confronted with traditional administrative capacities. Particularly, the access to resources demanded exceptionally hard work in order to meet the formalities required and to guarantee transparency in the application of funds. Each one of the little over 8 thousand projects that would need to be executed would require a technical dossier which needed to contain a very large number of complex technical specifications whose execution was subject to the intricate federal and state legislation with regards to public works and procurement.

It was, therefore, indispensable to imagine and propose a mechanism by consensus with political weight, administrative authority and professional aptitude to govern the reconstruction with the characteristics mentioned above. Within it the works needed to be identified and ranked, as well as resources assigned and managed. Their tasks would need to be performed quickly, transparently, effectively and efficiently. This mechanism was The Council for Reconstruction created from the Council for Planning and Evaluation of the State of Nuevo Leon, but adjusting its composition and powers to the new role that it would have to perform.

Given the condition of the state's public finances, the reconstruction would have to be carried out mostly with federal funding, thus the political need to involve the Federal Government from the outset. The Governor of the State asked the President of Mexico —and he accepted— to be present in Nuevo Leon in the hours following the passage of Alex. This fostered the active participation of the federal authorities at the Cabinet level in the Reconstruction Council. In addition, the Council which is chaired by the Governor of the State, included representatives of the Legislative and Judiciary branches, and members representing civil society from the Planning Council. The latter include persons of recognized social prestige, professional experts in relevant areas of the reconstruction process, outstanding members of the private sector and the chancellors of the main higher education institutions. The force of civil society, the moral authority of the experts and members of the private sector, and the influence of local universities, gave viability to a heterodox approach from the standpoint of administrative law.

Among the main tasks carried out by the Reconstruction Council, the following stand out: defining priorities in the three-year horizon foreseen to conclude the work; to give its *fiat* [approval] to contract out the most urgent projects as soon as possible; to assess the quality of the work performed, to lobby for the allocation of federal resources and credit for reconstruction; to lead a better coordination among the federal, state and municipal authorities; to carry out the supervision, follow-up and evaluation of the progress of the Reconstruction Program; to create mechanisms for reporting to the community on such progress and to receive and process suggestions and complaints from citizens. The Council had resources to create a temporary specialized technical body to issue opinions about which projects should be executed, their specifications, unit costs, and term for completion of execution, among other activities. Its activity could be summarized as the control, both *ex-ante* [before] and *ex-post* [after], of the Reconstruction Program, without undermining the application of internal and external controls of the State and Federal public administrations. The Council chartered a permanent work-board, and thus it became a true supporting factor and not merely a consulting body.

Both the Federal and State authorities agreed to consider the recommendations of the Council as references for their decisions. Those related to specific investment projects were adopted by the State Committee of the Federal Natural Disasters Fund and its board, which gave final approval pursuant to its powers.

The Council approved the creation of committees for dealing with specific matters, so as to achieve greater efficiency, agility and effectiveness in its actions. The following commissions were created, Integration and Follow-Up of the Master Reconstruction Program and the Information System; Financing and Transparency; Meteorological Risks and Water Works; Logistics, Roadways and Mobility; Educational Infrastructure; Housing and Urban Planning; Support for Vulnerable Families; Economic Reactivation; and Communications. The representatives of society at large and public officials interacted in the committees; they exchanged viewpoints, set priorities, formulated proposals, offered alternative solutions to the problems, and reported on the hurdles met during

the reconstruction process. At the time this article was written, only the two first committees remain in operation; the Council meets in full on a quarterly basis.

The Council and its committees have been particularly useful in this contingency and have substantially helped to achieve a speedy recovery. Its performance went beyond the traditional humanitarian or consulting function. It was actively involved in designing the reconstruction plan and in its control and supervision. The execution was the purview of the authorities. 100% of the damages were documented and financing for the total needed funds was attained. As of April 15, 2012 the execution of the three-year program is 85% complete and it is expected to conclude in December this year, with a percentage in the order of 98% of the total authorized, six months ahead schedule. The new projects respond to more rigorous hydraulic specifications as set forth by the appertaining federal authorities, roughly they have determined that a capacity for clearing water should be provided to clear approximately twice the amount of water allowed before Alex. Also a policy of insuring the infrastructure was set forth to allay possible future loss occurrences. Thus we can speak of reasonable success with regard to the purposes of the Council, especially in its role as facilitator of coordination among the federal, state and municipal levels of government, in direct involvement in the key stages of the process, and in driving a culture of prevention rather than of remediation.

4. - Towards the construction of a strategic planning system

In the nearly two years of work of the Reconstruction Council, the increased effectiveness, which can has been achieved through citizens' participation together with the government in the decision-making process has become evident. A number of papers that have dealt with this topic have found that this is usually observed under different circumstances. Smith (2003), for example, argues that citizen involvement in public decision-making processes increases the effectiveness of policies, to the extent that it promotes the inclusion of relevant information, different viewpoints, needs and alternative interests, while satisfying the growing demand for constituent involvement in government decisions. This greater effectiveness occurs especially if those who are directly affected are included. This also contributes, according to this author, to solve conflicts and reach consensus, as it fosters dialogue and negotiation; it improves the knowledge and awareness of the community about public policy, it helps to assure compliance with all regulations, strengthens the legitimacy of decision-making, and it fosters a better allocation of resources.⁵ Effects such as these are likewise presented by Grabow, Mark Hilliker and Joseph Moskal (2004), who refer that incorporating the *expertise* of citizens results in informed decisions, and that their participation contributes to a better articulation of the citizens' interests, which are probably better served. It also contributes to the legitimization of strategies and to shared responsibility in the formulation and implementation of decisions.⁴

⁴Grabow, Steven H., Mark Hilliker and Joseph Moskal (2004) "Comprehensive Planning and Citizen Participation."

Similarly, based on the disaster experiences in different places, Delica (2000) submits that the government action gains in effectiveness with citizen participation, especially when stakeholders are engaged in decision-making about issues that concern them directly.⁵ De Guzmán, in his turn, submits that for disaster cases it is critical that the risk management plans be dynamic and relevant for the community, and that the members of the community should be involved in decision-making with well-defined tasks. He states that when a participative approach is adopted, risk prevention measures are, rather than being imposed on the community, enriched by stakeholders, and problems tend to be better expressed and therefore, the response measures can be implemented correctly. A particularly significant effect of the participation of society's players in decision-making regarding risk management is that the communities become more aware of the possible hazards they are facing.⁶

Holmes (2011) refers that citizen participation, fosters interaction, dialogue and, ideally, deliberation which can lead to a common understanding of problems and solutions.⁷ This is a particularly important contribution of public participation in a political setting, which is not usually characterized, by being essentially deliberative, such as that of Mexico.

Bases for participative strategic planning

It can be asserted that the advantages of citizen participation mentioned by the above authors, materialized to a large extent during the reconstruction process. The effectiveness of the Reconstruction Council as a mixed mechanism where the government and civil society concurred to effectively resolve an extraordinarily complex situation, led the Council itself to think about evolving towards an analogous approach to set in motion a process for strategic planning that has been absent in practice from Nuevo Leon and the rest of the states, as well as in the national arena.

Based on the experience acquired, the Reconstruction Council has considered that for Nuevo Leon it is necessary to move from the mid-range planning, currently in force, to strategic planning as an effective means to define, in terms of a series of objectives, the direction of the development process with a long-term horizon, and identify, as a part of that function, the works and actions that should be performed to achieve them. This allows expressing a target vision, to state where things need to go and how to get them there. In this way certainty and confidence is provided to economic and social agents. Such are the basic concepts usually invoked when dealing with the concept of strategic planning.⁸ The importance of social participation has also been discussed

⁵ Zenaida G. Delica (2000) "Citizens' Participation Towards Safer Communities."

⁶ De Guzmán, Emanuel M. (2003) "Towards Total Disaster Risk Management Approach."

⁷ Holmes, B. (2011) "Citizens' engagement in policymaking and the design of public services."

⁸ A standard reference on strategic planning is Bryson, J. M. (2004) "**Strategic Planning for Public and Nonprofit Organizations: A Guide to Strengthening and Sustaining Organizational Achievement**, Jossey-Bass; 3rd edition. A very didactical explanation of the meaning and concepts of strategic planning can be seen at Schilder (1997) "Strategic Planning Process: Steps in Developing Strategic Plans," at *Harvard Family*

regarding its design and implementation, within the specific setting of the public sector. For Bordean, I., A. Raileanu and A. G. Turtureanu (2009), such participation is an essential ingredient of a successful strategic planning process, specifically for the purpose of identifying the needs of the community and establishing the mission, the fundamental objectives, the tactics required for implementing the development strategy, the implementation tactics within the public sector, and to carry out the tasks of control and evaluation.

Particularly, strategic planning resolves two deficiencies, which are characteristic of national and sub-national intermediate level political and economic development entities. On the one hand it contributes to inhibit the elements of discretion in decision-making, particularly as it relates to government administration and the determination of its development programs and projects. It also helps to rationally allocate fiscal resources and to more clearly orient the investment decisions of private individuals. Further, in the specific realm of the public sector, it by definition transcends specific public administrations, which promotes continuity in the development process, within the framework of the direction set forth by the planning instruments and the adjustments imposed on them, on the one hand, by changes in the economic, social and political settings, and on the other, by the periodical evaluations of the results attained. In this way a long-term reference framework is created for each new government administration.

Strategic planning allows to propose objectives, firstly from a series of long-term principles, such as sustainable development, balanced regional growth, fair distribution of the benefits of growth, and the sustained increase of social well-being, and –secondly– based on the diagnoses of the problems the community faces, the main physical, institutional, economic and social assets available, the deficiencies that persist in the development process and their causes, as well as the opportunities and limitations provided by the environment. The conjugations of these analyses, together with collective aspirations allow the establishment of long-term public policies and inhibit indecisiveness, arbitrariness and uncertainty.

The recent experience of Nuevo Leon related to planning the reconstruction undertaken after the scourge of Hurricane Alex in the northeastern part of the country, has highlighted the efficacy that is added to the implementation of government plans and programs when citizen participation is incorporated to the design of public policies by facilitating the building of consensus based on mutual trust and in decision-making aimed at the public interest in general. This increases the legitimacy of such decisions and lays a foundation of rationality in the allocation of resources, as noted earlier. Citizen participation in the evaluation of results additionally enriches the planning process by fostering the adaptation of objectives and strategies to the changing circumstances of the environment.

In Mexico there have been attempts at incorporating long-term planning to government management in the federal and state levels, and to add citizen participation in the decision-making process of the public sector, but they have not borne fruit because they have not been properly formalized. The Nuevo Leon experience has opened the door to the search of the institutionalization of both actions to render them effective and take advantage of their contribution to the development process, especially by means of the creation of provisions to regulate them, and the formalization of some entity responsible for preparing the strategic planning instruments, to apply them and follow them up, evaluate them, and as appropriate, make any adjustments derived from evaluation, all in a timely, agile and flexible manner.

Currently, the State Government and the Reconstruction Council are discussing a bill for strategic planning which includes provisions such as the creation of a citizens' council, of a consultative nature, for strategic planning, that will define the long-term development processes and multi-annual strategic projects.

The project sets forth a balanced composition of the Council in terms of public, academic and citizen representation in the institution. This is renewed periodically in such a way that it transcends the six-year cycle of each public state administration. It points out that the plan and sectoral mid-range programs are derived from the Strategic Plan itself; that the Council prepares the Strategic Plan with a 15-year horizon; that every year, the Council assesses progress related to strategic projects, prioritarian programs and social and economic development indicators.

The institutionalization of a long-term outlook for the development of Nuevo Leon could set a precedent in the country to induce its adoption in other states, and even in the municipal governments.

5. - Final considerations

The experience derived from the convergence of social and public participation to face the immediate and mediate consequences of hurricane Alex which during the Summer of 2010 affected the federated State of Nuevo Leon clearly shows how orderly and systematic citizen participations leads to the creation of a climate of greater trust among public players and the citizenry to overcome emergencies and act with greater efficacy. The case study shows that such participation went beyond the traditional in the subject of humanitarian volunteering or of the presentation of non-binding opinions about the emergency and its solution. By intervening as a facilitator during the different phases of response to the effects of the hurricane, it clearly contributed to improved intergovernmental coordination and to the inclusion of mid- and long-term considerations in the decision making process. As a facilitator it should also express importance of special non binding ex-ante and ex-post control of contracts and reconstruction works.

“Alex” also brought to the center of the public agenda, the issue of the vulnerability of the state and in particular of the Metropolitan Area of Monterrey in the face of severe hydro-meteorological phenomena. Since 1988, when this area was also affected by a strong hurricane, Gilbert, there have been successes, but errors have been committed too. Among the former, is the construction of an upstream regulating dam, which attenuated the impact of “Alex”. Without it, the effect would have had huge consequences. Another positive step forward was the development of a civil protection culture among the population and the availability of qualified state and municipal personnel to face this issue, which allowed the timely evacuation of thousands of families.

The errors were basically two. The first one was to tolerate the disorderly expansion of the urban footprint which indiscriminately affected forested areas and the paving of extensive areas which increased the speed of the water over the crevices of the Sierra Madre Oriental mountain range during “Alex.” The second one was the occupation of the bed of the main water streams by mostly fixed sports and entertainment facilities granted under concession to private individuals or organizations; and in other areas, having allowed the settlement of squatters. These structures became obstacles for the water, caused damming and whirlpools and increased the destructive force of the torrents.

Now, agreements have been reached by consensus among the members of the Reconstruction Council and the authorities in the sense that it is necessary to rethink the function of the basins completely, to reforest, to build new dams and to regulate new settlements based on a scientifically founded atlas of risks, whose observance would be mandatory and socialized.

From this conviction derived the convenience of redesigning the State planning process and redefining its time horizon, since the present one, of six years, has proved inadequate. The members of the Reconstruction Council have concluded that this horizon should be expanded to 15 years. This is also the term in which it is estimated that the state will be able to enter into a virtuous cycle of development and will achieve per-capita income and well-being indicators similar to the average of the OECD countries.

This new step, if matured, will lead Nuevo Leon from traditional planning to long-term planning, and will give it a legal basis to comprise the great framework that will orient the actions of public and private players, and to be a pioneer in Mexico. In fact, several states have done long-term planning exercises but these efforts have been isolated initiatives without a regulatory basis. Citizen participation has also been episodic.

The “Alex” experience in its complicated social, economic setting of weak public finances, and of high political and administrative complexity will have thus turned into a spur to prove that it is possible to overcome crises and to build the future more solidly if basic consensus is reached in a

society and certain essential objectives and strategic projects are placed above all petty partisan disagreements and other narrow interests.

The composition of the Reconstruction Council has allowed the integration of the viewpoints of academics, experts, business people, mayors, state and federal officials in a relatively orderly manner, without altering the legal framework within which public administrations operate, especially in the matter of financial responsibilities, acquisitions and public works contracts.

In addition to the reconstruction, a process of introspection was also started. It should allow the reduction of future risks, as well as to rethink the development path of the region, one of the most dynamics in Mexico and Latin America.

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Tables

Table 1. Economic facts.

	Mexico	Nuevo Leon
Capital	Mexico City	Monterrey
Population	113.5 Million	4.7 Million (4.2% of Mexico's population)
Government	Federal Republic: 31 States, 1 Federal District	State Government
GDP	\$1,149 Billion USD	\$90.1 Billion USD
Exports 2011	\$293 Billion USD	\$31 billion USD
Foreign Direct Investment	\$18 Billion USD	\$1.6 Billion USD
GDP per capita	\$10,126 USD	\$19,055 USD (2011)



SOURCE: Secretariat of Economic Development 2011. State Government of Nuevo Leon. Available at: http://www.nl.gob.mx/?P=economia_razones_invertir

Table 2. Political parties. Federal / State / Municipal Government.

	Name	Political Party	Mandate period of time	Population
Federal Government				
President	Felipe Calderon	 National Action Party	Nov. 2006 – Oct. 2012	113.5 million
State Government				
Governor	Rodrigo Medina	 Revolutionary Institutional Party	Oct. 2009 – Oct. 2015	4.7 million
Municipal Government				
Apodaca	Benito Caballero		Oct. 2009 – Oct. 2012	418,784
Escobedo	Clara Luz Flores		Oct. 2009 – Oct. 2012	299,364
Guadalupe	Ivonne Alvarez		Oct. 2009 – Oct. 2012	691,931
Monterrey	Fernando Larrazabal		Oct. 2009 – Oct. 2012	1,130,960
San Nicolas	Carlos de la Fuente		Oct. 2009 – Oct. 2012	476,761
San Pedro	Mauricio Fernández		Oct. 2009 – Oct. 2012	122,009
Santa Catarina	Alberto Navarro		Oct. 2009 – Oct. 2012	259,896

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Table 3. Amount approved by Federal Natural Disasters Fund. Federal and State contribution and work execution.

Sector	Amount approved by FONDEN Millions of USD*	Contribution		Work Execution	
		Federal	State	Federal	State
Waterworks	\$ 454.01				
Urban	\$ 435.88				
Highways	\$ 367.88				
Educational	\$ 25.61	60%	40%	40%	60%
Housing	\$ 8.75				
Environment	\$ 5.39				
Health	\$ 3.26				
TOTAL	\$ 1,300.78	100%		100%	

*MXP\$12.4=US\$1.
Source: Revenue Administration System / Available at:
ftp://ftp2.sat.gob.mx/asistencia_servicio_ftp/publicaciones/legislacion10/Tipodecambio2010.pdf

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