Follow up Report on Mexico’s CompraNet Reform

IMPROVING E-PROCUREMENT THROUGH STAKEHOLDER ENGAGEMENT
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### Abbreviations and Acronyms

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<tr>
<td>API</td>
<td>Application Programming Interface</td>
</tr>
<tr>
<td>ASF</td>
<td>Superior Audit Body <em>(Auditoría Superior de la Federación)</em></td>
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<tr>
<td>CA</td>
<td>Contracting Authorities</td>
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<tr>
<td>CEDN</td>
<td>National Digital Strategy Co-ordination Office <em>(Coordinación de la Estrategia Digital Nacional)</em></td>
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<tr>
<td>CGOVC</td>
<td>Comptrollers Co-ordination Office <em>(Coordinación General de Órganos de Vigilancia y Control)</em></td>
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<tr>
<td>COFECE</td>
<td>Economic Competition Federal Commission <em>(Comisión Federal de Competencia Económica)</em></td>
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<tr>
<td>CONCAMIN</td>
<td>Confederation of Industrial Chambers <em>(Confederación de Cámaras Industriales de los Estados Unidos Mexicanos)</em></td>
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<tr>
<td>CPB</td>
<td>Central Purchasing Body</td>
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<tr>
<td>CSO</td>
<td>Civil Society Organisation</td>
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<tr>
<td>CUCOP</td>
<td>Mexico’s procurement cataloguing system <em>(Clasificador Único de las Contrataciones Públicas)</em></td>
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<tr>
<td>DC</td>
<td>Commissioners and Public Delegates <em>(Delegados y Comisarios Públicos)</em></td>
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<tr>
<td>DGTI</td>
<td>Information Technologies Department (SFP) <em>(Dirección General de Tecnologías de la Información, SFP)</em></td>
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<tr>
<td>DOF</td>
<td>Official Journal of the Federation <em>(Diario Oficial de la Federación)</em></td>
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<tr>
<td>EUR</td>
<td>Euro</td>
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<tr>
<td>FAQ</td>
<td>Frequently asked questions</td>
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<tr>
<td>GACM</td>
<td>Mexico City Airport Group <em>(Grupo Aeroportuario de la Ciudad de México)</em></td>
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<tr>
<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>ICB / OIC</td>
<td>Internal Control Bodies (Órganos Internos de Control)</td>
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<tr>
<td>ICT / IT</td>
<td>Information and Communications Technology / Information Technology</td>
</tr>
<tr>
<td>IMSS</td>
<td>Mexico’s Social Security Institute (Instituto Mexicano del Seguro Social)</td>
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<tr>
<td>INAI</td>
<td>National Institute on Transparency, Freedom of Information and Personal Data Protection (Instituto Nacional de Transparencia, Acceso a la Información y Protección de Datos Personales)</td>
</tr>
<tr>
<td>INEGI</td>
<td>National Statistics Office (Instituto Nacional de Estadística y Geografía)</td>
</tr>
<tr>
<td>ISSSTE</td>
<td>Institute of Social Security and Social Services for Public Officials (Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado)</td>
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<tr>
<td>KONEPS</td>
<td>Korean e-Procurement system</td>
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<tr>
<td>KRW</td>
<td>Korean won</td>
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<tr>
<td>LAASSP</td>
<td>Law on Public Sector Acquisitions, Leases and Services (Ley de Adquisiciones, Arrendamientos y Servicios del Sector Público)</td>
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<tr>
<td>LGRA</td>
<td>General Administrative Liability Act (Ley General de Responsabilidades Administrativas)</td>
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<td>LGTAIP</td>
<td>General Law on Transparency and Access to Public Information (Ley General de Transparencia y Acceso a la Información Pública)</td>
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<tr>
<td>LOPSRM</td>
<td>Law on Public Works and Related Services (Ley de Obras Públicas y Servicios Relacionados con las Mismas)</td>
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<tr>
<td>MIPPI</td>
<td>Module of Investment Programmes and Budgets (Módulo integral de programas y presupuestos de inversión)</td>
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<tr>
<td>MXN</td>
<td>Mexican peso</td>
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<tr>
<td>OCDS</td>
<td>Open Contracting Data Standard</td>
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<tr>
<td>OCP</td>
<td>Open Contracting Partnership</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<tr>
<td>OIG</td>
<td>Office of the Inspector General (New York, United States)</td>
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<tr>
<td>Abbreviation</td>
<td>Description</td>
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<tr>
<td>PAT</td>
<td>Work programme (Programa de trabajo)</td>
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<td>PWGPP</td>
<td>Plural Working Group on Public Procurement (Grupo de Trabajo Plural en Compras Públicas)</td>
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<tr>
<td>SAT</td>
<td>Revenue Service (Servicio de Administración Tributaria)</td>
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<tr>
<td>serOVC</td>
<td>Evaluation System for Internal Control Bodies (Sistema de Evaluación de Resultados de los Órganos de Vigilancia y Control)</td>
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<tr>
<td>SFP</td>
<td>Ministry of Public Administration (Secretaría de la Función Pública)</td>
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<tr>
<td>SHCP</td>
<td>Ministry of Finance (Secretaría de Hacienda y Crédito Público)</td>
</tr>
<tr>
<td>SICOP</td>
<td>Accountability and Budget System (Sistema de Contabilidad y Presupuesto)</td>
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<tr>
<td>SIDECC</td>
<td>SFP’s complaint system (Sistema Integral de Denuncias Ciudadanas)</td>
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<tr>
<td>SIPOT</td>
<td>Transparency Portal (Portal de Obligaciones de Transparencia)</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium-size Enterprise</td>
</tr>
<tr>
<td>UEPPCI</td>
<td>Ethics, Public Integrity, and Conflicts of Interest Prevention Unit (Unidad de Ética, Integridad Pública y Prevención de Conflictos de Intereses)</td>
</tr>
<tr>
<td>UNCP</td>
<td>Normative Unit for Public Procurement (Unidad de Normatividad en Contrataciones Públicas)</td>
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<tr>
<td>UPCP</td>
<td>Unit for Public Procurement Policy (Unidad de Política de Contrataciones Públicas)</td>
</tr>
<tr>
<td>USD</td>
<td>United States dollar</td>
</tr>
<tr>
<td>VAT</td>
<td>Value added tax</td>
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In Mexico, as in many countries, public procurement is a key economic activity. In 2015, public procurement was equal to roughly 21% of Mexican government expenditure and 5% of GDP. Recognising this potential, countries are increasingly using public procurement as a strategic lever to achieve broader public policy objectives such as those related to sustainability, innovation, and social objectives. For this to be a reality, each component of the system should use new technologies and tools to improve its efficiency and strategic impact.

E-procurement systems are changing the way the public and private sectors interact, and making such interactions more efficient. It has been estimated that e-procurement can reduce transaction costs by up to 12%. It can also reduce prices paid by governments through its effects on market competition, leading to savings of between 5 and 25%. For instance, tools allowing for online competition in reverse auctions helped Mexican public health institutions save MXN 3.7 billion on selected medicines between 2013 and 2015.

In Mexico, public tenders for goods and services can take place through physical (i.e. paper-based) or electronic means, or both. Tenders made electronically are managed through the electronic system CompraNet, which also serves as a repository of information for public works tenders and for alternative procedures (i.e. restricted tenders). When it was launched in 1996, CompraNet was considered quite advanced in Latin America. Today, although CompraNet has evolved, procurement stakeholders in Mexico believe it has not kept pace with e-procurement innovation, particularly as other countries such as Chile and, more recently, Colombia have successfully developed enhanced e-procurement platforms and functionalities. Therefore, there is a need to revisit CompraNet, not only to achieve additional efficiencies in the use of public funds and allow greater coverage of public services and programmes, but also to position Mexico once again as a leader in e-procurement.

In 2017, the Ministry of Public Administration (SFP) invited the OECD to gather views on CompraNet from relevant public procurement stakeholders in Mexico. As a result, SFP convened a Plural Working Group on Public Procurement (PWGPP). The PWGPP developed a shared vision statement for the future of CompraNet along with 34 recommendations for achieving the vision. Those recommendations and the corresponding roadmap were part of the Review of Mexico’s e-Procurement System: Redesigning CompraNet through Stakeholder Engagement, published by the OECD in January 2018.

This progress report focuses on Phase 1, which consists of the 14 short-term recommendations included in the Roadmap for implementation by November 2018. The report assesses the progress made by SFP in implementing these recommendations, and compares the actions undertaken against the general principles included in the vision statement.
For this progress report, contributions were received from the business sector, civil society and the public sector, as consulted by the PWGPP.

Progress and Key Recommendations

Implementing the short-term recommendations lays the foundations for future structural changes to CompraNet

Phase 1 of the implementation of the Roadmap comprised improving the information and the data fields included in CompraNet, identifying obstacles that limit the participation of companies, developing an inventory of necessary regulatory reforms, further developing the capacities of procurement practitioners and firms, and improving the processes for filing complaints related to public procurement procedures.

Improving transparency in public procurement

Following consultations with the PWGPP, CompraNet began in November 2018 to incorporate additional information to increase transparency and reduce risk factors. New information fields relate to subcontracting, modifying agreements, joint bid proposals and exceptions to open tenders. Providing more information to stakeholders on public procurement processes can contribute to better market analysis, audits, and oversight of the system in general. It can also help reduce integrity risks in public procurement processes. For example, information on subcontracting and joint bids may help competition authorities identify bidding patterns indicative of collusion and bid rigging. Likewise, the requirement for public officials to upload elements justifying exceptions to public tenders may create incentives to avoid such exceptions or, at least, to justify when exceptions are granted. Indeed, recent cases have illustrated that exceptions to public tenders, such as procurement procedures carried out between public entities, can be abused to circumvent legal requirements and divert public funds.

Identifying and removing obstacles to a better use of CompraNet

SFP prepared an inventory of the obstacles to the participation of firms in CompraNet, in particular those stemming from insufficient knowledge of how to use CompraNet. Additionally, SFP prepared an inventory of reforms to the legal framework for public contracting that would enable the design and operation of a fully transactional e-procurement tool. SFP identified three laws, three regulations, two ministerial agreements and two manuals that could be subject to reform.

Finally, SFP took steps to improve the capacities of both firms and public officials to use CompraNet. It updated the training materials included in CompraNet and in other electronic platforms, as well as those used during training workshops. Evidence from OECD countries suggests that the main challenges businesses face in effectively using e-procurement systems are related to low levels of knowledge and skills in using information technologies, difficulties in understanding and applying procedures or functionalities, and lack of awareness of the economic opportunities created by electronic tools.

Leveraging e-procurement to foster integrity

SFP also enabled a direct link between CompraNet and the Complaints System, SIDEC to make it easier to file complaints related to public procurement. Some basic data is automatically filled into the complaint form (i.e., file code, contract code and amount). To improve the user-friendliness of this new procedure, SFP could evaluate the time it takes...
for users to file a complaint and request more qualitative feedback. Interconnecting e-government systems creates a better user experience — and easier interaction — when dealing with government, ultimately leading to faster take up of e-tools, in line with OECD recommendations and international good practices.

**The implementation of short-term recommendations must be supported by systemic changes in the medium- and long-term phases of the Roadmap**

Since its launching in 1996, CompraNet has been updated five times. However, a number of challenges remain, including expanding the capacity of the system and ensuring the integrity and accuracy of the information it contains. Providing continuity in the implementation of the Roadmap both for the medium and for the long term could address these areas of opportunity and help consolidate short-term actions. Indeed, the medium- and long-term recommendations are much more complex and will require closer co-ordination among government entities, as well as resources (i.e., upgrading CompraNet capacity, staff, and financial resources).

In line with the inventories prepared by SFP, CompraNet managers could reduce obstacles to a better use of the e-procurement tool by standardising the procurement documents and requirements used by the different purchasing units. They could also expand the information included in CompraNet (as well as the quality of such information) by fully implementing an open contracting data standard that ensures analysable, reusable and standardised data. CompraNet managers and internal control bodies could also foster integrity in the overall public procurement system by ensuring the uploading of complete and reliable information in CompraNet through focused audits, as well as through links with other government information systems, such as the databases of the Ministry of Finance and Public Credit.

Finally, regardless of the governance model defined for public procurement, CompraNet can be useful for achieving the vision statement objectives as well as greater value for money in the use of public funds. There is no technological impediment for achieving these goals sooner. To reap the benefits of reform sooner rather than later, CompraNet managers could reconsider the implementation timespan for the medium- and long-term phases in order to complete implementation by the end of the current administration. This would also ensure the continuity of a comprehensive reform that lays the foundation for further administrative reform beyond 2024.
Chapter 1. Understanding progress in redesigning CompraNet for increased efficiency, effectiveness and transparency

In OECD countries, delivering on ambitions for procurement systems requires effective reforms and strategic implementation. This holds particularly true for e-Procurement reforms since electronic platforms supporting procurement officials’ daily operations provide for multidimensional impacts on the public procurement system’s efficiency, effectiveness and capacity to reinforce trust in governments.

In 2017, the Ministry of Public Administration (Secretaría de la Función Pública, SFP) invited the OECD to bring together the perspectives of a broad range of e-Procurement stakeholders into a single vision that aligns with global best practices. The efforts materialised in the collaborative work of the Plural Working Group on Public Procurement (PWGPP). The PWGPP developed a vision statement for the future of Mexico’s e-Procurement system, CompraNet (see Box 1.1). This vision statement details the collective agreement on the main objectives which should be pursued by revisiting CompraNet. As such, they constitute the foundational pillars on which progress in the redesign of the system will be assessed.

### Box 1.1. Vision for Mexico’s federal government e-procurement system

More than 20 years after the launch of CompraNet, the Plural Working Group on Public Procurement convened by the Ministry of Public Administration has had the opportunity to review the achievements of the e-procurement system. New foundations for Mexico’s federal government e-procurement system can harness the energy of our diverse economy, increase co-operation with an efficient, effective and transparent system governing the use of federal funds, subject to the regulations on acquisitions, public works and public-private partnerships.¹

In developing a better e-procurement system, the Plural Working Group on Public Procurement recognises the opportunities provided by digital technology to enable a fully transactional system that supports the whole public procurement cycle, from planning through tendering and award (contracting), to payment and contract management, as well as subsequent monitoring and auditing.

The success of the Plural Working Group on Public Procurement has been the result of the ability of different sectors, namely CSOs, business leaders and federal institutions, to adapt to changing circumstances. Our economy and societies are moving towards a democratic state that calls on all social actors to be accountable and responsive. The members of the Plural Working Group on Public Procurement are committed to deepening our co-operation, based on our shared vision of achieving stability and prosperity for our peoples through good governance.
To this end, we aim to make Mexico’s federal government e-procurement system:

1. **transactional**: The entire public procurement cycle will be managed electronically and establish complete flows connecting each of the steps automatically.

2. **standardised**: The entire public procurement cycle will conform to specifications and approved pre-established formats and adopt internationally accepted contracting data standards.

3. **transparent**: The e-procurement system will be the only access point for publishing information of the government procurement cycle using federal public funds, regardless of whether the case is part of an ordinary process or an exception. The system facilitates compliance with data and document disclosure principles as well as transparent duties.

4. **trustworthy**: The information uploaded to the system will be accurate, complete, updated and secured under strict protocols. All versions and updates of the documents referring to the public procurement cycle and uploaded to the platform will be kept, including modifying agreements, indicating the date and time of update as well as the official responsible for the information. Information and documents in the platform should be recognised as official and may be used in any legal proceeding.

5. **interconnected**: The system will offer interconnection between the processes of the procurement cycle as well as between government information systems (e-government), including those of budget and revenue agencies.

6. **co-ordinated**: The various entities and user units of the system will use it as a tool to ease co-ordination and facilitate consolidated purchases looking for the best market conditions and the standardisation of the procurement process. The system will include modules that allow for public procurement strategies such as reverse auctions and framework agreements.

7. **user-friendly**: The system is designed to offer users clarity on the available information and where to find it, as well as quick access to the system and high-speed navigation, avoiding too many system-interaction rules. A help desk provides useful advice to users, with sufficient numbers of qualified staff to address users’ needs.

8. **instrumental for users**: The platform provides information for both public servants and the social and private sectors, as necessary. It will help them in the following tasks: analysing public procurement and the performance of those involved in such activity; making decisions to participate in procurement processes; defining public policies and improvement initiatives for public procurement; supporting audit and control tasks, and carrying out investigations and analysis of procurement outcomes, including the production of statistics and indicators. The platform will also facilitate the preparation of market research and Annual Plans of acquisitions, leases and services, as well as public works, so they can be published in a timely manner with updated information and provide useful input for the industry. The system’s Registry of suppliers, including supplier profiles, shareholders, history of performance in public procurement and illicit actions, will contribute to informed decision making by procurement officials.
9. **accountable**: The system links to citizen complaint mechanisms set up for the complete procurement cycle and includes an updated registry of suppliers that have been sanctioned. It contributes data and evidence to review and evaluation mechanisms performed by different authorities (i.e. audit bodies, and transparency and competition authorities) to improve public procurement operations.

10. **dynamic and innovative**: A focus on process innovation will help the system introduce new information-management methodologies in procurement for public works, goods and service, based on knowledge from previous experiences, opinion and feedback from users, and guided by international best practice.

11. **geared towards economic competition**: The system encourages competition, free concurrence and reduces entry barriers, transaction and administrative costs for all types of users. The system will be publicly accessible. All information will be available for consultation in its public version in a timely manner and in a way that does not restrict economic competition or negatively affect the efficiency of public procurement by facilitating collusion and bid rigging.

12. **exemplary**: The federal e-procurement system will be a good practice for all other public e-procurement systems in Mexico to follow, such as those to be developed by states, municipalities and public entities subject to different procurement regimes.

*Source: Plural Working Group on Public Procurement.*

The *OECD Review on Mexico’s e-Procurement System: Redesigning CompraNet through Stakeholder Engagement* (the *OECD Review*) structured recommendations for CompraNet and form the approach to reach the objectives in the vision statement. The intended timeframes for achieving the recommendations are set out in a multi-phased Roadmap for upgrading CompraNet from compliance to integration (the Roadmap). Taking into account the specific context of Mexico, the current state of CompraNet and of the public procurement system in general, and lessons learned by the OECD in the development of its reviews of Mexico’s institutions a phased approach was proposed.

The Roadmap contains 34 distinct recommendations divided into three phases (short, medium and long-term). The Roadmap is designed to enable CompraNet to evolve from a compliance-driven system into a platform focused in generating additional procurement intelligence and, in the third phase, a fully integrated transactional system (see Annex A for the complete Roadmap).

For all implementation phases (short, medium, and long-term), SFP observed the vision statement developed in a collaborative manner by the Plural Working Group on Public Procurement (PWGPP). This vision statement has the objective of aligning the Roadmap recommendations behind a set of common outcomes. This alignment for the implementation phase allows the contrast of SFP’s actions against specific outcomes described in the vision statement, as opposed to inputs and technical outputs. Such method gives SFP the necessary flexibility to determine how to achieve those outcomes and provides stakeholders with a common set of expectations to guide the improvement and modification of the CompraNet system.

This follow-up report focuses on Phase 1 of implementation, which consists of 14 short-term recommendations that are being advanced according to the plan to conclude by
November 2018. It outlines the progress made in implementing the shared vision statement and provides further recommendations stemming from the increased understanding gained through the ongoing work, which highlights new challenges and opportunities.

An evaluation and contrast against the principles and recommendations included in the *OECD Review* (including the vision statement) is discussed in this follow up review. Such evaluation is elaborated in chapters 2 through 4. Chapter 2 (Information), focuses on the four short-term recommendations corresponding to the remit of the Subgroups of Information disclosure, and Integrity and trust in CompraNet. Chapter 3 (System use), focuses on the six short-term recommendations made by the Subgroups on Interaction with suppliers, and Competition and capacity building. Chapter 4 (Efficiency and integrity), emphasises four short-term recommendations made by the Subgroups on Efficiency and effectiveness, and Prosecution of complaints. Chapter 5 of this document addresses actions SFP could take to support an effective implementation of medium-term recommendations.

Table 1.1 shows each short-term recommendation aligned against a subgroup (*subgroup alignment*), its location in this follow up review (*chapter alignment*), and the principles from the vision statement to which it aligns (*vision statement alignment*).

### Table 1.1. Short-term recommendations, Roadmap actions

<table>
<thead>
<tr>
<th>ID</th>
<th>Title</th>
<th>Recommendation (Objective)</th>
<th>Subgroup alignment</th>
<th>Chapter alignment</th>
<th>Vision statement alignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Consult stakeholders on their information needs</td>
<td>Consult stakeholder groups on their different information needs; these must be understood in order to design effective search and analysis tools, and to ensure databases are appropriately structured</td>
<td>Information disclosure</td>
<td>Information</td>
<td>Trustworthy, instrumental for users, geared towards economic competition, exemplary</td>
</tr>
<tr>
<td>2</td>
<td>Data management strategy</td>
<td>Develop a data management strategy for the e-procurement system, ensuring information is comprehensive, readily available, and can be used effectively by stakeholders</td>
<td>Information disclosure</td>
<td>Information</td>
<td>Transactional, transparent, trustworthy, interconnected, user-friendly, instrumental for users, accountable, dynamic and innovative, exemplary</td>
</tr>
<tr>
<td>8</td>
<td>Identify barriers for supplier participation</td>
<td>Set a work plan to identify, with suppliers, barriers to supplier participation within the CompraNet tool, with special focus on small and medium-sized enterprises (SMEs)</td>
<td>Interaction with suppliers</td>
<td>System use</td>
<td>Standardised, user-friendly, geared towards economic competition, exemplary</td>
</tr>
<tr>
<td>9</td>
<td>Expand training to improve suppliers’ knowledge of the system’s processes and functionality</td>
<td>Undertake efforts to improve and expand system training for suppliers to improve knowledge of the system’s processes and functionalities</td>
<td>Interaction with suppliers</td>
<td>System use</td>
<td>Trustworthy, user-friendly, exemplary</td>
</tr>
<tr>
<td>14</td>
<td>Procurement practitioner capabilities</td>
<td>Develop training procedures to increase e-procurement capabilities of the Mexican federal procurement workforce.</td>
<td>Competition and capacity building</td>
<td>System use</td>
<td>Trustworthy, user-friendly, exemplary</td>
</tr>
<tr>
<td>ID</td>
<td>Title</td>
<td>Recommendation (Objective)</td>
<td>Subgroup alignment</td>
<td>Chapter alignment</td>
<td>Vision statement alignment</td>
</tr>
<tr>
<td>----</td>
<td>-------</td>
<td>-----------------------------</td>
<td>-------------------</td>
<td>------------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>15</td>
<td>Identify required legal reforms</td>
<td>Identify legal reforms required to address recommendations for the improvement and expansion of CompraNet</td>
<td>Competition and capacity building</td>
<td>System use</td>
<td>Transactional, standardised, transparent, trustworthy, interconnected, co-ordinated, instrumental for users, dynamic and innovative, exemplary</td>
</tr>
<tr>
<td>16</td>
<td>Support services for system users</td>
<td>Provide for users of the platform support to maximise the benefits of the system through training and guidance (supported by help desk services), including promoting use of help desk services to those not currently engaging with the service</td>
<td>Competition and capacity building</td>
<td>System use</td>
<td>User-friendly, exemplary</td>
</tr>
<tr>
<td>17</td>
<td>Audit approach developed by Internal Control Bodies on minimising exceptions</td>
<td>Internal control bodies to ensure CompraNet is always used, except in the case of valid exceptions</td>
<td>Competition and capacity building</td>
<td>System use</td>
<td>Transparent, trustworthy, accountable, exemplary</td>
</tr>
<tr>
<td>21</td>
<td>Development of monitoring and control approach</td>
<td>Development of monitoring and control approach to verify that users are using the system correctly</td>
<td>Efficiency and effectiveness</td>
<td>Efficiency and integrity</td>
<td>Transparent, trustworthy, instrumental for users, accountable, exemplary</td>
</tr>
<tr>
<td>22</td>
<td>Ensure overall adherence to legislation</td>
<td>An initiative to encourage the consistent, systematised and transparent adherence to procurement legislation, such as in the selection of procurement procedures and use of tender exceptions. SFP should include the updating of the current CompraNet guidelines to address changes made as a result of this review</td>
<td>Efficiency and effectiveness</td>
<td>Efficiency and integrity</td>
<td>Transparent, trustworthy, accountable, exemplary</td>
</tr>
<tr>
<td>23</td>
<td>Targeted audit investigations</td>
<td>Design data standards to allow audit authorities to conduct targeted, as opposed to random, audit investigations</td>
<td>Efficiency and effectiveness</td>
<td>Efficiency and integrity</td>
<td>Transparent, trustworthy, instrumental for users, accountable, exemplary</td>
</tr>
<tr>
<td>28</td>
<td>Promotion of whistle-blowing</td>
<td>Set up mechanisms to facilitate acts of whistle-blowing</td>
<td>Prosecution of complaints</td>
<td>Efficiency and integrity</td>
<td>Trustworthy, interconnected, instrumental for users, accountable, exemplary</td>
</tr>
<tr>
<td>30</td>
<td>Ensure adherence to document upload processes</td>
<td>Ensure adherence to document upload processes by increasing user capability and incentivising compliance</td>
<td>Integrity and trust in the tool</td>
<td>Information</td>
<td>Transparent, trustworthy, exemplary</td>
</tr>
<tr>
<td>31</td>
<td>Complete and reliable data</td>
<td>Implement system changes to promote reliability of data within the system.</td>
<td>Integrity and trust in the tool</td>
<td>Information</td>
<td>Transactional, standardised, transparent, trustworthy, accountable, geared towards economic competition, exemplary</td>
</tr>
</tbody>
</table>

*Source: (OECD, 2018(1)).*
However, before discussing individual recommendations and progress achieved in their implementation, this report provides a brief overview of evolution in CompraNet’s environment, which could ultimately affect the priorities and the strategic orientations of reforms.

1.1. A new role for the multi-stakeholder group: ensuring an outcome-based focus to implementation

Prior to the implementation phase, SFP gave to the multi-stakeholder group a prominent role in the definition of strategic orientations for reform and evolution using a consensus-based approach. The method followed by SFP to engage key stakeholders during the *OECD Review* encouraged the active participation of all actors involved in public procurement processes. SFP invited PWGPP members to comment, provide inputs, and feedback for the collaborative development of the 34 recommendations included in the Roadmap for CompraNet, as well as for the vision statement.

Moving into the implementation phase the role has changed to advancing the achievement of results. Indeed, for Phase 1, SFP invited PWGPP members to comment, provide inputs, and feedback on the work done by SFP to implement the short-term recommendations developed for the *OECD Review*. The evolution of the role of the multi-stakeholder group however does not imply discretionary decisions being taken by SFP at the implementation stage. On the contrary, during the 8th Plenary Meeting,2 SFP shared with PWGPP members the Work Plan for Phase 1 and opened it for comments from the Group members.

To guide its internal efforts on the implementation of short-term recommendations and to support the involvement of the multi-stakeholder group, SFP prepared a document describing the specific content of the actions to follow.3 The document (“*Seguimiento a la implementación de las recomendaciones de corto plazo*”) (“the Follow-up document”) includes detailed information on the expected outputs (*entregables*), the actors responsible for their development and implementation, a section accounting for the relevant actions undertaken for the implementation of each recommendation (*acciones relevantes realizadas*), and a final section where SFP made a self-evaluation of the implementation status.

SFP carried out specific actions to address the 14 short-term recommendations, while taking into account the availability of resources (i.e. time, human resources, monetary), and PWGPP members were invited by SFP to provide inputs and feedback on such document. For this purpose, SFP organised meetings with the multi-stakeholder group members during May 2018.

SFP considered the new role of the key stakeholder group as useful to address the implementation of recommendations in a more expedient manner. However, some PWGPP members expressed that the actions defined by SFP for implementing short-term recommendations were rather compliance oriented.

To address the multi-stakeholder group concern regarding the participation mechanisms set by SFP, the Ministry could consider focusing on achieving tangible changes in the system.
Box 1.2. OECD’s Recommendation of the Council on Public Procurement – principle of participation

VI. RECOMMENDS that Adherents foster transparent and effective stakeholder participation.

To this end, Adherents should:

i) Develop and follow a standard process when formulating changes to the public procurement system. Such standard process should promote public consultations, **invite the comments of the private sector and civil society**, ensure the publication of the results of the consultation phase and explain the options chosen, all in a transparent manner.

[...]

iii) Provide **opportunities for direct involvement** of relevant external stakeholders in the procurement system with a view to increase transparency and integrity while assuring an adequate level of scrutiny, provided that confidentiality, equal treatment and other legal obligations in the procurement process are maintained.

Source: (OECD, 2015[2]).

The perceived relevance shown by stakeholders on the need to reform CompraNet can represent a unique window of opportunity to address current issues in public procurement (both as a system and as an e-Procurement tool). Areas such as process efficiencies, value for money in the use of public funds, competition, integrity, professionalisation, standardisation and the adoption of innovative information and communication technologies (ICT), among other many aspects, should be in the centre of the next federal administration’s (2018-2024) agenda regarding public procurement to complement the reform to CompraNet.

1.2. Continued evolution towards meeting government goals

The CompraNet system has evolved since its inception in 1996 along with government reforms to increase efficiency, effectiveness and accountability of public institutions. The tool has evolved from a platform for publicising tender opportunities and disclosing contract award decisions into a portal where government agencies can post tender documents from pre-tendering up to contract management phases (since CompraNet version 5.0, launched in 2010). Introduction of incremental changes and improvements responded both to technological developments and to evolving government needs (OECD, 2018[1]).

As noted in the **OECD Review**, the CompraNet system has improved over time and there are a number of areas of opportunity that remain, including additional savings and better controls for integrity and corruption risks.

To continue with CompraNet’s reform spirit, the **OECD Review** considered as part of its recommendations the adoption of a fully transactional system (recommendation 27, long-term). It suggested eliminating exceptions to open tender for procurement procedures held between public entities or agencies (Article 1 of the LAASSP and the LOPSRM) (recommendation 7, long-term), and allowing for future innovations such as introducing
block-chain functionalities (recommendation 33, medium-term). These three actions could reduce the risk of conflicts of interest and other integrity issues.

Box 1.3. Achieving balance between efficiency and control

Because of the high corruption risks, many countries have established rigid controls in public procurement processes, aimed at reducing the discretionary power of public procurement officials and increasing oversight. However, exacerbated by a focus on compliance, such controls are making procurement processes slow and administratively burdensome, signal distrust to public procurement officials and give them the perception that they are considered to be inherently corrupt. This can negatively influence officials’ motivation and engagement in their workplace and may even provide for rationalisation strategies that in the end can even favour corrupt behaviour.

For these reasons, and in order to find a balance between efficiency and control mechanisms, countries could adopt a comprehensive view of procurement processes and its risks and ensure that public procurement officials are professional. Control bodies can benefit from institutionalising risk assessment mechanisms as they allow for targeted investigations, and procurement practitioners can benefit from training and merit-based recruitment and job promotion. These actions adopt the sanction and prevention approaches and help improve integrity and reduce excessive controls in public procurement processes.

Source: (OECD, 2018[1]).

1.3. Given limited resources, the current administration could focus on the most relevant aspects to foster the efficient use of CompraNet

All 34 recommendations included in the Roadmap for the phased reform and expansion of CompraNet form part of a holistic view for the e-Procurement tool. In that sense, all recommendations are vital for achieving a fully transactional e-Procurement system, with the principles and characteristics defined in the vision statement. Nevertheless, some specific recommendations are more relevant for achieving a fully transactional CompraNet system. The following general themes are the cornerstones for the reform of CompraNet in the short-term (up to November 2018), hence efforts to reach these goals should be in the front-line regarding the allocation of resources by SFP. The following sections analyse the progress achieved and future challenges for each topic:

- **Data management, data completeness, and data quality**: complete, updated, trustworthy, and timely data can allow stakeholders (from the public, civil society, and private sectors) to carry out data analysis to feed the elaboration of better policies, accountability, and evidence-based market-related decisions, among others. Fully adopting the Open Contracting Data Standard (OCDS) is a step in this direction, as it would allow for the electronic management of the complete public procurement cycle (Data management strategy, recommendation 2) and it would support efforts to promote reliability of data within the tool (Complete and reliable data, recommendation 31). Finally, a well-designed data management strategy with effective search and analysis tools calls for consulting stakeholders on their information needs (Consult stakeholders on their information needs, recommendation 1).
Identification of required regulatory reforms to allow for a fully transactional system: the Roadmap for CompraNet includes a phased implementation of system and tool changes to allow for the final objective of a fully transactional e-Procurement tool. These proposed changes include adopting new mechanisms for data upload, data management, electronic management of the complete procurement cycle, and a more user-friendly interface, among others. In order to obtain these objectives, regulations should be adopted to respond to the proposed new design for CompraNet. In this sense, SFP identified the needed regulatory reforms (Identify required legal reforms, recommendation 15) which include changes to laws, manuals, guides or ministerial agreements, among other regulatory instruments that would allow CompraNet to reach the goals (principles) included in the Vision Statement.

Expansion of audit and monitoring capabilities: accountability in the use of public funds with a results-oriented focus is a fundamental element for achieving an efficient public procurement system. Developing a monitoring and control approach to verify that CompraNet users are using the tool correctly (Development of monitoring and control approach, recommendation 21), and encouraging the consistent, systematised, and transparent adherence to legislation (Ensure overall adherence to legislation, recommendation 22) are the foundations of the reform efforts for CompraNet. In this sense, CompraNet should ensure adherence to document upload processes (recommendation 30) and, in the future, explore mechanisms for the compulsory use of CompraNet for the complete procurement cycle and for all procurement processes, including public tenders and exceptions to competitive processes. The strategy for Internal Control Bodies (ICBs) developed by SFP (recommendation 17) sets the basis for achieving these objectives.

These goals shed light on the most relevant aspects for SFP to address for the medium and long-term phases. SFP could also allocate some resources to advancing the implementation of some medium and long-term recommendations. For example, the standardisation of specifications and documents, although considered for its complete implementation on the long-term, could be partially implemented in the short and medium-term phases. Additionally, efforts for the full adoption of the OCDS for the complete procurement cycle would allow SFP to advance the goal of reaching a fully transactional e-Procurement tool designed for the efficient allocation of public funds. This foresight becomes necessary for obtaining tangible results in the use of the e-Procurement tool.
Notes

1 As of the time of drafting this vision, these regulations were the Law on Public Sector Acquisitions, Leases and Services (LAASSP), the Law on Public Works and Related Services (LOPSRM), and the Law for Public-Private Partnerships, as well as the secondary regulations derived from them.

2 Plenary Meetings are the instrument designed by SFP to meet the PWGPP members on a regular basis to inform them on the work done by the Ministry for the redesign of CompraNet as well as to receive comments by Group members on the work done. The first seven Plenary Meetings took place during the OECD Review phase; Phase 1 of implementation (short-term recommendations) began with the 8th Plenary Meeting which took place on May 2018. For Phase 1 of implementation SFP also held the 9th Plenary Meeting (July 2018), and the 10th Plenary Meeting (November 2018).

3 In the Follow-up document, SFP grouped six short-term recommendations into two broader lines of action, reducing the total lines of action to implement the 14 recommendations of the Roadmap to 10 lines of action. However, to ensure consistency in the assessment of progress made against the initial recommendation, each of the 14 original recommendations are individually considered.
Chapter 2. Delivering complete and reliable data in CompraNet to meet stakeholder information needs

Managing information in CompraNet is relevant for Mexico’s e-Procurement tool as it currently enables the upload and management of documents and data. Most federal public procurement processes should be loaded into the tool\(^1\) with complete and reliable information, and with consideration of principles to foster economic competition, disincentive collusion between economic agents, and follow obligations for the disclosure of information mandated by the General Law on Transparency (Ley General de Transparencia y Acceso a la Información Pública, LGTAIP).

An e-Procurement tool such as CompraNet — one of its main objectives being a repository of information on public procurement processes – is useful for stakeholders as it allows for data-driven decision-making. Reliable and complete information on public procurement is useful for public officials to develop better policies and evaluate public procurement operations, for companies to make better business decisions, and for CSOs to allow for greater accountability in the use of public funds, among many other benefits.

**Box 2.1. OECD’s Recommendation of the Council on Public Procurement – principle of evaluation**

X. RECOMMENDS that Adherents drive performance improvements through **evaluation** of the effectiveness of the public procurement system from individual procurements to the system as a whole, at all levels of government where feasible and appropriate.

To this end, Adherents should:

i) **Assess periodically and consistently the results of the procurement process.** Public procurement systems should collect consistent, up-to-date and reliable information and use data on prior procurements, particularly regarding price and overall costs, in structuring new needs assessments, as they provide a valuable source of insight and could guide future procurement decisions.

ii) **Develop indicators to measure performance, effectiveness and savings of the public procurement system** for benchmarking and to support strategic policy making on public procurement.

*Source:* (OECD, 2015\(^2\)).

As stated in the *OECD Review*, CompraNet faces a challenge as procurement practitioners do not always upload the required information.

The format of tender documents varies widely. According to comments expressed by SFP during working sessions with the OECD, the variation is not an attribute of the CompraNet tool. Instead, it relates to the legal scheme for Mexico’s public procurement system. This situation has led to an opportunity to collect information inputs consistently.
Consistency of inputs could help with reaching the goal of having complete and reliable data. To address this issue, the Roadmap considers four recommendations regarding data management to meet stakeholder’s information needs:

1. Establishing a data management strategy to have clarity over information owners and procurement officials responsible for uploading information, how (i.e. in a public version), and when (to comply with economic competition regulations);

2. Fostering the upload of complete and reliable data in CompraNet by promoting an e-Procurement system-design set for procurement officials to easily comply with information upload regulations;

3. Consult stakeholders on their information needs to include additional information to the one already disclosed and that would be relevant for stakeholder’s data-analyses exercises; and

4. Ensure adherence to document upload processes without which complete and reliable data cannot be guaranteed.

At the end of Phase 1, SFP designed a data management strategy to meet stakeholder’s information needs. The next step to follow is implementing such strategy to advance the upload of complete and reliable data in CompraNet, guaranteeing that the web-based system Contrataciones Abiertas (http://www.gob.mx/contratacionesabiertas) has adequate server capacity, allowing capturing additional data fields, i.e., on modifying agreements, joint bids, and subcontracting that would result useful for stakeholders. As discussed in the section addressing recommendation 1, some of these data is already uploaded in CompraNet.

This chapter further addresses the actions implemented by SFP to deliver complete and reliable data in CompraNet to meet stakeholder’s information needs, and includes further recommendations highlighting new challenges and opportunities. The chapter starts with recommendations 2 (Data management strategy) and 31 (Complete and reliable data), which are two recommendations that stand out for their relevance in meeting the goals set out in the vision statement principles such as allowing for a transparent, trustworthy, user-friendly, and a standardised CompraNet. Then, recommendation 1, on consulting stakeholders on their information needs and planning for the upload of additional data fields in CompraNet. Finally, recommendation 30 touches on ensuring adherence to document upload processes (see Table 2.1).
Table 2.1. Short-term recommendations for information upload

<table>
<thead>
<tr>
<th>ID</th>
<th>Title</th>
<th>Recommendation (Objective)</th>
<th>Vision statement alignment (total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Data management strategy</td>
<td>Develop a data management strategy for the e-procurement system, ensuring information is</td>
<td>Transactional, transparent, trustworthy, instrumental for users,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>comprehensive, readily available, and can be used effectively by stakeholders</td>
<td>accountable, dynamic and innovative, exemplary (9)</td>
</tr>
<tr>
<td>31</td>
<td>Complete and reliable data</td>
<td>Implement system changes to promote reliability of data within the system.</td>
<td>Transactional, standardised, transparent, trustworthy, accountable,</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>geared towards economic competition, exemplary (7)</td>
</tr>
<tr>
<td>1</td>
<td>Consult stakeholders on their information needs</td>
<td>Consult stakeholder groups on their different information needs; these must be understood</td>
<td>Trustworthy, instrumental for users, geared towards economic competition,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>in order to design effective search and analysis tools, and to ensure databases are</td>
<td>exemplary (4)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>appropriately structured</td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>Ensure adherence to document upload processes</td>
<td>Ensure adherence to document upload processes by increasing user capability and incentivising</td>
<td>Transparent, trustworthy, exemplary (3)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>compliance</td>
<td></td>
</tr>
</tbody>
</table>

Source: (OECD, 2018[1]).

Recommendation 2. Data management strategy

Box 2.2 Recommendation 2 for Mexico’s e-Procurement System, Subgroup on information disclosure

Develop a data management strategy for the e-procurement system, ensuring information is comprehensive, readily available, and can be used effectively by stakeholders.

Source: (OECD, 2018[1]).

Proposal for action

A data management strategy for CompraNet should account for the steps for uploading data, as well as clearly defining the procurement practitioner responsible. This strategy – implemented by November 2018 – should also consider the uses that will be given to data. Data will be used for activities such as data analysis and its multiple practical applications. Examining the way data is used in different steps of the procurement cycle may identify opportunities for establishing complete flows between them, for example, between the steps for annual plans, market research, tender award, or contract management, among others.

To be consistent with the plan for implementing a data management strategy, SFP could define which documents should be published at each stage of the public procurement cycle (i.e., pre-tendering, tendering, and post-award phases). As well, SFP could set clear criteria for outlining what information should be made public or kept confidential, who is responsible for the publication of each piece of information in CompraNet, and when to disclose it. SFP could establish guidelines for public procurement entities on handling
documents to protect proprietary, commercial, personal or financial information of a confidential or reserved nature according to the General Law on Transparency and Access to Public Information (LGTAIP). SFP should also consider Article 6 (Section A, fraction I) of Mexico’s Constitution which states that “the principle of maximum publicity shall prevail in the exercise of the right to information, and that all public information must be disclosed except for those cases of exemption defined in bylaws regulating confidential and reserved information”.

The SFP could seek further assurance on whether or not they can disclose information within the current legal privacy constraints from the Board of the National Transparency Institute (Pleno del Instituto Nacional de Transparencia, Acceso a la Información y Protección de Datos Personales, INAI) and Mexico’s Federal Competition Commission (Comisión Federal de Competencia Económica, COFECE).

Also, and as part of a data management strategy, SFP could further progress its intent to adopt the Open Contracting Data Standard to allow for sharable, reusable, machine readable data. As outlined in the OECD Review, there are guidance and tools provided by the Open Contracting Partnership which can facilitate transition to the OCDS.

Following the vision statement principle on transactionability, the entire public procurement cycle should be set to connect automatically and allow for its electronic management. In that sense, a data management strategy foreseeing electronic management for all steps (as opposed to the current option for some steps of the procurement cycle to be paper-based, especially for public works, or face-to-face, as for clarification meetings) would enable progress towards a fully transactional system for Mexico’s e-Procurement tool. Box 2.3 illustrates an example of a fully transactional system implemented by Mexico’s Revenue Agency (Servicio de Administración Tributaria, SAT).

**Box 2.3 A fully transactional web-based tool for Mexico’s Revenue Agency (SAT)**

Since 2011 Mexico’s Revenue Agency has mandated the use of the electronic billing and e-Accounting schemes, as defined by the Mexican federal tax code, with the goal of adding visibility into companies’ and individuals’ tax liabilities so that the government can make sure it is receiving due payments. These new mechanisms include the use of standardisation and automation to collect revenue. This strategy has paid off as audits for businesses resulted in a 34% increase in VAT collection in a single quarter.

The Mexican government has created an environment in which everything is tied to an XML and UUID (unique identifying codes) – every purchase, every credit/debit note, every journal entry and every VAT report. If any link in the chain is missing, or if there is any error at any point, an electronic audit is due. Built-in matching and validations ensure that any missing links and errors are identified and addressed before they become an audit risk.

*Source:* (SOVOS, 2016[4]).
policies such as centralised purchasing, framework agreements, dynamic purchasing or joint procurement; therefore, promoting overall efficiencies, greater value for money in the use of public funds, budget savings, and increasing the number of purchase orders. The collection of data only once and using it across multiple public systems enhances customer experience as well as supports transparency and accuracy. In Belgium (see Box 2.4) the government implemented such an approach. SFP could consider following a similar path as it designs the data management strategy.

Box 2.4 Single data collection system in Belgium

Belgium established a single data collection system applied between administrations at all levels of government – a public authority collects the information only once for multiple users who need it for their public mission. Data collected by a public service has to be managed in a single database, accessible to other public services requiring the same data. It is offered via a service-to-service electronic transmission system, based on protected transactions. Registers featuring data on people, companies, objects (i.e., cars) and property have gradually become “authentic sources that are unique in being able to gather, process, manage and provide”. This is the case with the National Register of Natural Persons, the Cross-reference Database for Companies, the Cross-reference Social Security Database, files concerning social contributions and taxes, and police records, among others.

Source: (OECD, 2010[7]).

By developing a data management strategy for CompraNet, SFP addresses the principles included in the vision statement calling for a trustworthy and user-friendly system. These principles require data and empirical evidence to promote monitoring and evaluation mechanisms, and to help public officials perform their duties.

Progress achieved

As noted in the introductory Chapter (see endnote 2), in the Follow-up document for the implementation of short-term recommendations, SFP grouped the actions undertaken to address recommendations 2, 22 and 23. For these recommendations, SFP focused on developing the Open Contracting website (www.gob.mx/contratacionesabiertas) following the Open Contracting Data Standard (OCDS). SFP focused on ensuring that the data management strategy translated in the disclosure of comprehensive information that is easily accessible and that can be used efficiently by stakeholders. Additional information on the data management strategy, in specific concerning the Open Contracting website and the adoption of the OCDS, can be found in Chapter 4 of this report, in the sections for recommendations 22 and 23.
Recommendation 31. Complete and reliable data

**Box 2.5. Recommendation 31 for Mexico’s e-Procurement System, Subgroup on integrity and trust in the tool**

Implement system changes to promote reliability of data within the system. Such changes can include adding checkpoints and requiring the submission of complete and unchangeable information.

*Source:* (OECD, 2018[1]).

**Proposal for action**

The quality of the data in CompraNet depends on information inputs being accurate, timely and complete. Some of these elements can be managed through system changes or controls, such as adding checkpoints and requiring the input of complete and unchangeable information before procurement processes can progress to the next stage (as considered by the vision statement principle on trustworthiness). These controls become especially relevant as currently CompraNet faces a main challenge where procurement practitioners do not always comply with procurement guidelines, and do not always upload the required information. This could be due to lack of capacity in working with CompraNet, insufficient procurement capacity in general, or a poor design of the e-Procurement tool that does not allow procurement practitioners to easily comply with regulations.

Consistent with the principle on transparency, CompraNet should facilitate compliance by procurement practitioners with their information upload obligations and SFP could strengthen its monitoring and control mechanisms. Non-compliance with the upload of information obligations is considerable. This situation is addressed by SFP by developing a monitor and control approach (recommendation 21) and targeted audit investigations (recommendation 23) that review compliance with document upload obligations (i.e. through a Control Panel). In the future, additional risk assessment mechanisms for ICBs and audit bodies could be included. As a ministry, SFP interprets and applies the laws regulating procurement processes (such as the LAASSP and LOPSRM), as well as the mandate to ensure public officials comply with Mexico’s regulatory frameworks (Internal Control Bodies, subordinated to SFP, carry out the function of overseeing public officials’ general compliance with regulations).

As long as the CompraNet system allows buying units not to upload all information required by regulations, there may continue to be cases of non-compliance. SFP has undergone efforts to train procurement practitioners on the correct use of CompraNet (see recommendation 14) as a way to reduce non-compliance with information upload obligations.

Data completeness requires all phases of the procurement cycle to be included in CompraNet. Accordingly, the vision statement principle on a transactional system calls for all phases of the procurement cycle to be managed electronically. The principle on standardisation calls for approved pre-established formats and for the use of internationally accepted contracting data standards. Summed together, these three principles (that should be addressed in the medium and long-terms) underpin a future CompraNet system that contains complete and reliable data.
In order to include complete information in CompraNet for the whole procurement cycle, SFP published a ministerial agreement (Acuerdo por el que se establece la obligación de incorporar a CompraNet, la información relativa a la planeación de las contrataciones y la ejecución de contratos que regula la LAASSP y la LOPSRM) to include the phases of planning and contract management in CompraNet. The next step for SFP is implementing the agreement and setting clear rules regarding the information that will be uploaded in CompraNet, how this information should be disclosed, and when. According to SFP, as of November 2018, the Ministry of Finance is using the OCDS and the Contrataciones Abiertas website to disclose information on these newly considered phases (planning and contract management) of the procurement cycle.

**Box 2.6. Agreement published by Mexico’s Ministry of Public Administration to establish the obligation to incorporate in CompraNet information regarding the planning and contract management phases**

Considering the 2015 *OECD Recommendation of the Council on Public Procurement*, on 5 January 2017 Mexico’s Ministry of Public Administration published on the Official Federal Gazette (Diario Oficial de la Federación, DOF) a ministerial agreement setting the obligation to publish information regarding the contract planning and contract management phases in CompraNet. Under such agreement, CompraNet should publish information related to the complete procurement cycle: annual planning programmes, tender planning, tendering and awarding, information related to contracts, and contract management.

The Public Procurement Policy Unit (Unidad de Política de Contrataciones Públicas, UPCP) of SFP was bound as the unit responsible for setting the information disclosure policy for the contract planning and management phases. According to the agreement, information on these two additional phases should have been disclosed by June 2018 after a 17-month implementation period, and following the Open Contracting Data Standard (OCDS).

As of October 2018, although SFP has not incorporated all information in CompraNet, since November 2017 new information is disclosed through the Open Contracting website by the Ministry of Finance.

*Source:* (DOF, 2017[8]), and information provided by Mexico’s Ministry of Public Administration.

The agreement—which was set to come into full effect by 5 June 2018—has had an initial phased implementation with limited effect on the amount of new information now uploaded into CompraNet. Nonetheless, progress on the publication of the phases of the procurement cycle (planning and contract management) were achieved through the disclosure of information by the Ministry of Finance (SHCP). This additional information is disclosed using the OCDS and is available within the SICOP and MIPPI systems managed by SHCP, and can be consulted through the Contrataciones Abiertas website ([http://gob.mx/contratacionesabiertas](http://gob.mx/contratacionesabiertas)). New information includes financial data (monetary amount of the contracts, and monetary amount paid).

According to the *OECD Recommendation of the Council on Public Procurement* and to its implementation toolbox (OECD, 2016[9]), adherents should establish a comprehensive list of procurement records and documents related to tendering procedures and contract management that must be kept and made available for public inspection. SFP suggests
using the list developed by the OCDS driving group to identify the documents to be included in CompraNet for the pre-tendering (planning) and post-award (contract management) phases supported by the ministerial agreement. Procurement records can include the following:

- **Pre-tendering:** needs evaluation report; unused preliminary reports; public notices of procurement opportunities; procurement method including justification.

- **Post-award:** final signed contract document and modifying agreements; certificates and reports of inspection, quality control and acceptance; decisions and observations during contract performance; changes in needs; claims and dispute resolutions; payments; disbursement data (as required by Mexico’s financial management system); changes to performance deadlines; price changes in the course of performance; supplementary works or deliveries; and any correspondence, meeting notes and minutes including contract negotiations (if applicable).

The vision statement for CompraNet also includes the principle of **accountability**, by which data and evidence should allow for review and evaluation mechanisms by different authorities. By developing and effectively implementing a fully transactional system for CompraNet (including the full adoption of standardised formats, open contracting data standards, and compliance-driven interpretation of regulations by SFP) expanded control can be achieved over information uploaded in CompraNet, as well as data reliability, and timeliness. In order to achieve a fully transactional system, controls should be established to record and centralise all information regarding public procurement processes. Controls for recording and centralising information through an electronic workflow system were implemented in Germany (see Box 2.7).

**Box 2.7 Electronic workflow: Processing and tracking information on public procurement in Germany**

The Federal Procurement Agency in the Ministry of the Interior has set up an electronic workflow that helps centralise all information related to the procurement activities of the Agency and provide a record of the different stages of the procurement procedures that are being conducted. All files are stored in a document management system. The Federal Procurement Agency keeps record to maintain transparency and provide an audit trail of procurement decisions. In case of suspicion, the contact person for the prevention of corruption may also have access to documents for inspection. This access is not visible for the official concerned. The department for quality management examines documents in the system, randomly as well as systematically, while the internal audits review transactions of the previous year that have been identified with a higher corruption risk such as negotiated contracts. These inspections are not exclusively used to prevent corruption, but also to ensure lawful and economically advantageous public procurement.

*Source:* (OECD, 2014[10]).

Internal Control Bodies could also play a role in guaranteeing the complete and reliable upload of information to CompraNet. Guaranteeing compliance with standards and regulations for an efficient delivery of goods, services and public works is the strategic role of the Internal Control Bodies reviewing public procurement processes. An internal control and risk management framework, safeguards integrity in public procurement.
processes, in particular by ensuring a favourable control environment and a strategic approach to risk management (OECD, 2018[3]). This approach could focus on promoting broader compliance by procurement practitioners in uploading required information in a complete, reliable and timely manner.

**Progress achieved**

In order to address recommendation 31, SFP developed a Control Panel (*tablero de control*) to inform purchasing units about missing information that should be uploaded to CompraNet and cases of non-compliance with the tool’s operation rules and regulations (such as exceptions to open tender processes). The latter are especially relevant as CompraNet faces challenges in the way procurement practitioners apply exceptions to open tender processes. The extent in the use of direct awards (by monetary amount value) for the procurement of goods and services may be an issue if they are related to non-compliance. In order to be able to identify potential non-compliance it would be necessary to seek further data on the number of direct awards made on an exceptions basis. (see Table 2.2).

**Table 2.2. Open tenders and exceptions to competitive processes in CompraNet, 2017**

<table>
<thead>
<tr>
<th>Percentage of monetary amounts awarded by type of procedure</th>
<th>All procurement processes (goods and services, and public works)</th>
<th>Procurement processes for goods and services</th>
<th>Procurement processes for public works</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open tender</td>
<td>60%</td>
<td>46%</td>
<td>79%</td>
</tr>
<tr>
<td>Restricted invitation to tender</td>
<td>11%</td>
<td>8%</td>
<td>14%</td>
</tr>
<tr>
<td>Direct award</td>
<td>29%</td>
<td>46%</td>
<td>7%</td>
</tr>
</tbody>
</table>

*Note:* The percentages shown in the table represent the monetary amounts awarded; these do not represent the number of contracts awarded by type of procedure

*Source:* Information provided by Mexico’s Ministry of Public Administration.

The Control Panel developed by SFP to implement recommendation 31 of the Roadmap for CompraNet has the following elements:

- Red-flag alert system for the failure to upload of documents and information required by regulation,
- Registry of incidents of non-compliance (*incidencias*) with regulations regarding the upload of information,
- Statistics on incidents of non-compliance and red-flags showing the reasons for non-compliance at the buying units and at the entity and agency levels,
- Statistics on incidents of non-compliance and red-flags showing the reasons for non-compliance at the procurement practitioner level within buying units.

This Control Panel focuses on compliance with the legal requirements in place for the publication of information of the public procurement cycle. The focus is on including red-flags on missing information.

The Control Panel monitors the upload of information from the call for tenders phase to the award decision phase. The Control Panel could benefit from an extended focus to also include an evaluation of results. After all, citizens judge the efficiency and effectiveness
of their government, and base their trust on government, by its results. Notwithstanding, the Control Panel –if followed by adequate enforcement mechanisms –can result in better data that then could enable performance measurement. The Control Panel could be backed-up with the implementation of “naming and shaming” strategies (cuadro de honor) to discriminate among those entities and agencies performing above average, and those performing below average, and create a regulatory compliance ranking that could use inputs from the Control Panel.

Additional areas of opportunity for improving the Control Panel were developed by México Evalúa – the local Civil Society Organisations (CSOs) heading the Subgroup on Information Disclosure. According to México Evalúa’s comments on the Control Panel, it has some elements missing (i.e., upload of documents on clarification meetings and direct awards, as well as a glossary explaining the use of colour tags in the Control Panel); hence, for Mexico Evalúa, this could result in a limited capacity to guarantee complete and reliable information in CompraNet. Nevertheless, the Control Panel is set to run considering the current system capacities and information availability of CompraNet.

The current Control Panel must work within the limitations of CompraNet, i.e., considering its current capacities. In order to publicise the information included in the Control Panel, as well as the possible omissions in the configuration of the procurement procedures, SFP set up a test environment for the Control Panel which, once concluded, will be made available to the ICBs through the CGOVC.

Having complete and reliable data in CompraNet is one of the objectives set out for the tool and efforts should be made to adapt and update technology solutions in order to reach such goal. To advance the adoption of ICT solutions for CompraNet, SFP could consider expanding training for CompraNet’s management on innovation, knowledge and skills for working with big-data datasets and statistics for the build-up of solid databases, and to obtain greater familiarity with the economic opportunities that e-Procurement can offer.

Overall, CompraNet’s management could benefit from expanded human resources with technical profiles specialised on big-data analyses, databases and the practical application of statistics for public procurement and for e-government in general. These additional human resources could focus their work on redesign of CompraNet as a tool developed to benefit from new ways of gathering complete and reliable information (as a fundamental input for big-data analyses). As expressed by CompraNet officials during working sessions with PWGPP members, not all human resources in Mexico’s federal public administration working with CompraNet share the same understanding of statistics that will be needed for working with a fully transactional tool. Overcoming these deficiencies in capacity would be a step forward for developing a transactional and well-managed database system. This relates with another area of opportunity for CompraNet: the professionalisation of procurement practitioners.

Finally, the timeframes considered for the implementation of medium (3 years) and long term (10 years) recommendations may be reviewed considering the accelerated pace with which technology develops and evolves. A fully transactional and electronically managed system as proposed in the vision statement may be outdated by 2027. Meaning that adopting a fully transactional system for CompraNet by 2027 may still represent a backlog in ICT adoption as new technological solutions for managing public procurement in an even more efficient way may develop before that date.
Recommendation 1. Consult stakeholders on their information needs

Box 2.8. Recommendation 1 for Mexico’s e-Procurement System, Subgroup on information disclosure

Consult stakeholder groups on their different information needs; these must be understood in order to design effective search and analysis tools, and to ensure databases are appropriately structured.

Source: (OECD, 2018[1]).

Proposal for action

When consulting stakeholders on their information needs, SFP identified the information which is relevant for stakeholders (both in the public and private sectors) to perform their tasks. Such tasks can relate to the different steps of the procurement cycle, or to external activities such as auditing, fostering transparency, accountability and economic competition, or supporting market decisions, among other activities that call for data analysis and the production of statistics and indicators.

Managing information for different stakeholders of public procurement processes calls for consideration on the convenience and legality of data disclosure, how (i.e. in its original format or in a public version), and when (timeliness). This, in line with the vision statement principle calling for a tool that is geared towards economic competition (“all information will be available for consultation in its public version in a timely manner and in a way that does not restrict economic competition or facilitates collusion and bid rigging”).

Box 2.9. Balancing transparency and the risk of collusion

According to the findings from a Global Forum on Corruption in Public Procurement hosted by the OECD’s Competition Division, a number of methods could be used to make collusion more difficult, while maintaining transparency and safeguarding the need to reduce the risk of corruption:

- Only information on the winning bid should be released, while information on the losing bids could be made available only to issuers of tenders and comptrollers, and not to competitors generally.
- Because of the potentially destabilising effect of non-identifiable bidders on bid rigging, the procurement official might consider keeping the identities of the bidders undisclosed, perhaps referring only to bidder numbers and the number of bidders remaining in the bidding process.
- The timing of the disclosure of sensitive information (such as the losing bidders’ identity and their bids) could be delayed easing the effects of such disclosure on collusion.

Source: (OECD, 2010[11]).
As part of the previous work done for the *OECD Review*, stakeholders provided the basic requirements for information needed for efficient development of their analyses. The information and data needs are expressed in Table 2.3.

**Table 2.3. Identified data needs of stakeholders**

<table>
<thead>
<tr>
<th>Contracting authorities</th>
<th>Aggregated information requirements</th>
<th>Disaggregated information requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Registered suppliers by categories</td>
<td>• Addressable spending</td>
</tr>
<tr>
<td></td>
<td>• Spending by category</td>
<td>• Savings realised vs. market rate</td>
</tr>
<tr>
<td></td>
<td>• Spending by supplier</td>
<td>• Payment times</td>
</tr>
<tr>
<td></td>
<td>• P-card use</td>
<td>• Contract compliance by supplier</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• P-card use by employee</td>
</tr>
<tr>
<td>Audit Institutions</td>
<td>• Number of direct awards and exceptions</td>
<td>• Spend vs. contract rate</td>
</tr>
<tr>
<td></td>
<td>• Tender submission times</td>
<td>• Exception vs. supply market</td>
</tr>
<tr>
<td>Civil society</td>
<td>• Number of direct awards and exceptions by contracting authority</td>
<td>• Number of bids for specific procurements</td>
</tr>
<tr>
<td></td>
<td>• Average bid per tender</td>
<td></td>
</tr>
<tr>
<td>Suppliers</td>
<td>• Opportunity by category</td>
<td>• Contract award by supplier</td>
</tr>
<tr>
<td></td>
<td>• Contract award by supplier</td>
<td></td>
</tr>
<tr>
<td>Central purchasing bodies / policy makers</td>
<td>• Spending information by category Framework contract spending</td>
<td>• Framework contract compliance</td>
</tr>
<tr>
<td></td>
<td>• Contracting authority spending information</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Contract compliance by supplier</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Contract award by SMEs/woman-owned businesses</td>
<td></td>
</tr>
<tr>
<td>Competition authorities</td>
<td>• Spending by supplier</td>
<td>• Number of bids for specific procurements</td>
</tr>
<tr>
<td></td>
<td>• Bid value trends</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Bid win patterns</td>
<td></td>
</tr>
</tbody>
</table>

*Source*: (OECD, 2018[1]).

For Phase 1, SFP readdressed stakeholders on this same topic. The information needs expressed for the *OECD Review* could be considered alongside the information needs expressed by stakeholders for Phase 1 (see Table 2.4) as the following step for designing a plan with stakeholders and building upon the information recently being published on subcontracting, joint bids, modifying agreements and the use of exceptions to tender. Not all the information needs expressed by stakeholders will be available in the system as it currently stands, but a plan can be designed to upload the information needs in the near future.

As noted in (OECD, 2018[1]), transparency not only allows for data analyses but is regarded as an effective tool for fostering accountability and boosting a results-driven public administration. However, to foster effectiveness, transparency and accountability; systems must be linked. Disclosing information should take account of the quality of what is disclosed as well as its quantity. To help achieve this, SFP should consider the information needs of stakeholders such as Mexico’s Supreme Audit Body (*Auditoría...*
Superior de la Federación, ASF), Civil Society Organisations (CSOs), business chambers, and internal control bodies (Órganos Internos de Control, OIC) and others that monitor the accountability of buying units for the results of public procurement processes. These results focus on an efficient use of public funds, promoting greater value for money, procuring better products or larger amounts of goods, services, and public works, or achieving secondary policy objectives, amongst other things.

Progress achieved

To address the before-mentioned considerations for the disclosure of information in the CompraNet tool, for Phase 1 SFP laid out three activities with the objective of consulting stakeholders on their information needs and requests. The stakeholders consulted were the Mexican Competition Commission (Comisión Federal de Competencia Económica, COFECE), the Confederation of Industrial Chambers (Confederação de Cámaras Industriales de los Estados Unidos Mexicanos, CONCAMIN), the local CSO México Evalúa, and the comptrollers co-ordination office (Coordinación General de Órganos de Vigilancia y Control, CGOVC) of SFP. The three activities laid out by SFP were:

- Identifying additional information needs that can be addressed using information currently kept in CompraNet, and filtering by SFP’s normative analysis to allow for the disclosure of specific information.
- Analysing the adequacy of information search criteria to incorporate new data fields.
- Disclosing of additional information that is currently kept in the CompraNet system.

For the process of receiving stakeholder’s requests for disclosing additional information already being uploaded in CompraNet, SFP shared a format (Cédula para la identificación de información) allowing stakeholders to express their additional information needs. All information subject to disclosure, as expressed by SFP, should be information already included in CompraNet databases, even if not publicly displayed. Nevertheless, after consulting with stakeholders, SFP agreed to start keeping track (beginning November 2018) of some additional information needs not currently included in CompraNet but considered useful for stakeholders.

The Cédula format required stakeholders to (1) describe the characteristics of the data requested, (2) define the type of data required – either a document or a data field, (3) justify the need for the data requested, and (4) identify the legal framework that allows for the disclosure of the data requested.

In total, 36 formats were received from COFECE (5), CONCAMIN (7), CGOVC (15), and México Evalúa (9). Formats identified information on modifying agreements, on the public servants involved in specific procurement processes, justification to the exceptions to tender, subcontracting, interconnection with the Transparency Portal (SIPOT), and joint bids. Other requests called for additional specific data fields, a broad restructure of the general information disclosure scheme, a guide with instructions on the correct way to fill-in information in CompraNet, the interconnection of modules in CompraNet, and changes in the searchability of Annual Programmes. Requests for additional information needs are shown in Table 2.4.
### Table 2.4. Requests for the disclosure of additional information contained within CompraNet

<table>
<thead>
<tr>
<th>Requests received</th>
<th>Data requests</th>
<th>General classification of the data request</th>
<th>SFP’s diagnostic (feasible / unfeasible / existing)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>COFECE</strong> 5</td>
<td>Subcontracting letter with full and sufficient justification</td>
<td>Subcontracting</td>
<td>Feasible</td>
</tr>
<tr>
<td></td>
<td>Technical data sheet with data on subcontracting</td>
<td>Subcontracting</td>
<td>Feasible</td>
</tr>
<tr>
<td></td>
<td>Letter of joint participation with full and sufficient justification based on the market research study</td>
<td>Joint participation</td>
<td>Unfeasible</td>
</tr>
<tr>
<td></td>
<td>Technical data sheet with data on joint bids</td>
<td>Joint bids</td>
<td>Partially feasible</td>
</tr>
<tr>
<td></td>
<td>Complete contract information, including modifying agreements and their versions</td>
<td>Modifying agreements</td>
<td>Unfeasible</td>
</tr>
<tr>
<td></td>
<td>Data field on the business name of companies participating in restricted invitations</td>
<td>Data field</td>
<td>Partially feasible</td>
</tr>
<tr>
<td></td>
<td>Electronic link to the Transparency Portal (SIPOT) site from the CompraNet home page</td>
<td>SIPOT</td>
<td>Unfeasible</td>
</tr>
<tr>
<td></td>
<td>Data fields with information on modifying agreements</td>
<td>Modifying agreements</td>
<td>Feasible</td>
</tr>
<tr>
<td></td>
<td>Data fields with contract termination information</td>
<td>Data field</td>
<td>Unfeasible</td>
</tr>
<tr>
<td></td>
<td>Expand the data fields of the Procedure Dissemination Report</td>
<td>Data field</td>
<td>Feasible</td>
</tr>
<tr>
<td></td>
<td>Interconnect CompraNet modules to rule out the participation of sanctioned businesses</td>
<td>Interconnection of modules</td>
<td>Unfeasible</td>
</tr>
<tr>
<td></td>
<td>Allow the search for Annual Programmes by unit and not only by product</td>
<td>Searchability / annual programmes</td>
<td>Feasible</td>
</tr>
<tr>
<td><strong>CONCAMIN</strong> 7</td>
<td>Relate the contracts to the Transparency Portal (SIPOT)</td>
<td>SIPOT</td>
<td>Unfeasible</td>
</tr>
<tr>
<td></td>
<td>Opinion on the derogation from the invitation to tender</td>
<td>Exceptions to tender</td>
<td>Feasible</td>
</tr>
<tr>
<td></td>
<td>Data field indicating that the public servants involved in the procurement are registered in the RENIRESP</td>
<td>Public servants involved</td>
<td>Unfeasible</td>
</tr>
<tr>
<td></td>
<td>Declaration of no conflict of interest of the individuals involved</td>
<td>Public servants involved</td>
<td>Unfeasible</td>
</tr>
<tr>
<td></td>
<td>Law articles on which the exception from public tender is based</td>
<td>Exceptions to tender</td>
<td>Feasible</td>
</tr>
<tr>
<td></td>
<td>Data field with real date of conclusion of the contract (when this date is not the same as the contractual date)</td>
<td>Data field</td>
<td>Partially feasible</td>
</tr>
<tr>
<td></td>
<td>Data field pointing out changes to contract amounts by a modification agreement</td>
<td>Modifying agreements</td>
<td>Feasible</td>
</tr>
<tr>
<td></td>
<td>Time limit extension for the performance of a contract by a modification agreement</td>
<td>Modifying agreements</td>
<td>Feasible</td>
</tr>
<tr>
<td></td>
<td>Data field with delivery certificate of receipt of the works</td>
<td>Data field</td>
<td>Unfeasible</td>
</tr>
<tr>
<td></td>
<td>Data field with settlement date, which is part of the administrative closing document of a contract</td>
<td>Data field</td>
<td>Unfeasible</td>
</tr>
<tr>
<td></td>
<td>Data field with date from the Termination of Rights and Obligations Act</td>
<td>Data field</td>
<td>Unfeasible</td>
</tr>
<tr>
<td></td>
<td>Data field with date on which the winner of a tender procedure is awarded</td>
<td>Data field</td>
<td>Existing</td>
</tr>
<tr>
<td></td>
<td>Data field for registering the user-operator responsible for the electronic record on CompraNet</td>
<td>Public servants involved</td>
<td>Existing</td>
</tr>
<tr>
<td></td>
<td>Data fields on modifying agreements</td>
<td>Modifying agreements</td>
<td>Feasible</td>
</tr>
<tr>
<td></td>
<td>Instructions that indicate the correct way to fill in the fields of information related to the contracts</td>
<td>Instructions for filling information</td>
<td>Existing</td>
</tr>
<tr>
<td><strong>CGOV</strong> 15</td>
<td>Present the information in accordance with the phases of the public procurement cycle (pre-procurement, procurement, and post-procurement phases)</td>
<td>Architecture of information</td>
<td>Unfeasible</td>
</tr>
<tr>
<td></td>
<td>For each data or document there should be a data field provided; it should not be possible to publish information without a specific data field</td>
<td>Data field</td>
<td>Unfeasible</td>
</tr>
<tr>
<td><strong>México Evaluía</strong> 9</td>
<td>The denomination of documents and the manual recording of information should be based on a dictionary</td>
<td>Standardised information</td>
<td>Unfeasible</td>
</tr>
</tbody>
</table>
requests received  | data requests | general classification of the data request | SFP’s diagnostic (feasible / unfeasible / existing) |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>standardise the capture of information</td>
<td>Expand the information captured for the general section of the contract notice and post-award phase</td>
<td>Complete / expand information</td>
<td>Partially feasible</td>
</tr>
<tr>
<td>Expand the information captured for the general section of the contract notice and post-award phase</td>
<td>Complete / expand information</td>
<td>Partially feasible</td>
<td></td>
</tr>
<tr>
<td>Fixed limited and labelled data fields for the different phases of the procurement cycle</td>
<td>Data field</td>
<td>Unfeasible</td>
<td></td>
</tr>
<tr>
<td>complete information on the contracting phase</td>
<td>Complete / expand information</td>
<td>Partially feasible</td>
<td></td>
</tr>
<tr>
<td>Complete information on the contracting phase</td>
<td>Complete / expand information</td>
<td>Partially feasible</td>
<td></td>
</tr>
<tr>
<td>Adoption of standardised mandatory forms that can be downloaded for reuse of information</td>
<td>Standardised information</td>
<td>Unfeasible</td>
<td></td>
</tr>
<tr>
<td>Specify who are the public servants responsible for filling in the information</td>
<td>Public servants involved</td>
<td>Unfeasible</td>
<td></td>
</tr>
</tbody>
</table>

Source: Ministry of Public Administration, Cédula concentrada para la identificación de información.

As a result of the consultations made through the Cédula para la identificación de información, SFP identified as “feasible for implementation” ten out of the 36 requests presented (28%), six proposals (17%) were deemed as “partially feasible for implementation”, three proposals (8%) are considered as “already existing in the CompraNet tool”, and 17 of the 36 requests presented (47%) are catalogued as “unfeasible to implement in the short-term with the information currently being fed in the system” (see SFP’s diagnostic in Table 2.4).

Regarding those requests for information that were not considered feasible to implement, in the short-term, resulting in no additional information being disclosed by CompraNet, SFP justified its decision with a diagnosis made for each request. Most reasons for not disclosing additional information focused on information currently not being uploaded in CompraNet. The main reasons provided regarding the feasibility of information disclosure are the following:

- the information requested is not currently being kept in CompraNet or the record of such information does not exist
- the information requested only exists for electronic procurement processes (not for paper-based processes)
- the system, with its current technical and data storage capacity, is not adequate for the disclosure of the information requested
- there is no normative background to justify the disclosure of the information requested
- there is no explicit mandate from SFP for the disclosure of the information requested
- SFP considers that keeping track of the different contract versions (i.e. with modifying agreements) is part of the medium-term recommendation on enabling block-chain tracking of decisions and documents (recommendation 33)
- there is no time for the implementation of technological changes/modifications to the CompraNet tool before the then current administration term ended on 30 November 2018
Table 2.5 shows the specific data fields that SFP and stakeholders agreed that would be disclosed by CompraNet (for those requests considered as feasible or partially feasible for disclosure). In total, 27 new variables or document upload obligations are considered. Attention focused on including additional information on modifying agreements, subcontracting (see Box 2.10 and Box 2.11), joint bid proposals, and exceptions to tender and direct awards. Additional information on modifying agreements helps increasing the scrutiny over contract management activities and hence may reduce cases of over-costs or significant modifications of product specifications (including quality and amounts). Information on subcontracting and joint bid proposals, as indicated by COFECE, could help identify bidding patterns and collusive behaviour and hence reduce opportunities for bid rigging and awarding sanctioned suppliers. Not only would the inclusion of these items assist in delivering the recommendation, but they are also in line with the vision statement principle on trustworthiness.

**Box 2.10. Mexico’s Federal Competition Commission recommendation on subcontracting and modifying agreements**

**1.1.1.** On its *Competition Agenda for Public Procurement*, Mexico’s COFECE singles out specific recommendations for further strengthening competition in public procurement processes. The recommendations made for subcontracting and modifying agreements do not require legal reforms but could imprint considerable changes for transparency and efficiency in public procurement, as well as for promoting economic competition through opening information on subcontracting and modifying agreements.

- **i) Prevent the negative effects of subcontracting and joint bids, through their correct identification.** Issue a presidential decree, or modify the regulations of LAASSP and LOPSRM, to oblige contracting authorities to require contractors to disclose in advance to whom they plan to subcontract, for what, and why.

- **ii) Increase the scrutiny for the approval of modifying agreements.** COFECE recommends that information relative to modifying agreements made to contracts be made public in the CompraNet system. Ideally, all modifying agreements should be preserved, indicating the date and time of each update, as well as the name of the public official responsible for the information (see Table 2.5 for the additional information to be disclosed).

*Source: (COFECE, 2018[12]).*
Box 2.11. OECD’s Recommendation of the Council on Public Procurement: Transparency in subcontracting relationships

Additional to promoting fair and equitable treatment for potential suppliers by providing an adequate and timely degree of transparency in each phase of the public procurement cycle, adherents to the *OECD Recommendation of the Council on Public Procurement* are invited to provide appropriate transparency in subcontracting relationships and specify at which stage the information needs should be disclosed. This can include (but is not limited to):

- identification of subcontractors (to be ideally included when submitting a bid or after the signature of a contract)
- companies’ profile
- share of total contract subcontracted.

Disclosing information on subcontracting relationships can support economic competition and helps analyse bidding patterns to identify collusive behaviour and bid rigging cases.

*Source:* (OECD, 2015[2]).

As it currently stands, data fields for information agreed for disclosure is included in CompraNet. Records for those new data fields currently kept in CompraNet are scheduled to begin being published after January 2019 (see Table 2.5).

### Table 2.5. Additional information to be disclosed or generated for CompraNet

<table>
<thead>
<tr>
<th>General classification of the data request</th>
<th>Total</th>
<th>Dichotomous variable</th>
<th>Numerical (discrete) variable</th>
<th>Text variable</th>
<th>Annex / document upload</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modifying agreements (MAs)**</td>
<td>10</td>
<td>• Are there MAs for the contract?</td>
<td>• Number of MAs</td>
<td>• ID number of the agreement</td>
<td>• Technical opinion for the signature of an amending agreement</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Number of MAs by monetary value</td>
<td>• Date of commencement and date of conclusion of the agreement</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Number of MAs by deadline</td>
<td>• Monetary value of the agreement (before VAT)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Number of MAs by value and deadline</td>
<td>• Purpose of the agreement (including modifications applied)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Number of MAs by other elements different of value and deadline</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subcontracting**</td>
<td>5</td>
<td>• Is subcontracting allowed?</td>
<td>• Elements subcontracted for each procedure</td>
<td></td>
<td>Subcontracting approval letter (oficio)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Did an authorized subcontracting occurred?</td>
<td>• Business name (razón social) of subcontractors for each procedure (both for physical and moral people)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source:* (OECD, 2015[2]).
To further implement the Roadmap for CompraNet, SFP could consider not including open text variables for the disclosure of additional information. According to recommendation 5 of the Roadmap, CompraNet should reduce the number of open data fields, to minimise the possibility for data entry to compromise searchability and standardisation. In addition, reducing open data fields is in line with the vision statement principles on a user-friendly and standardised e-Procurement tool for Mexico.

As well, SFP could expand the information to be disclosed for all public procurement processes starting January 2019 (open tenders and exceptions to competitive processes) and not just for current electronic procurement procedures. SFP could consider including in CompraNet information regarding all public procurement processes, including those processes done though in person and mix procedures that are not currently registered. By doing so, SFP would be supporting the vision statement principle that calls for a trustworthy tool (“the information uploaded to the system will be complete”).

<table>
<thead>
<tr>
<th>General classification of the data request</th>
<th>Total</th>
<th>Dichotomous variable</th>
<th>Numerical (discrete) variable</th>
<th>Text variable</th>
<th>Annex / document upload</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specific data fields**</td>
<td>4</td>
<td></td>
<td></td>
<td>Calendar of activities (clarification meetings, on-site visits, bid submission, award decision)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Period of time of execution of the services</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Evaluation criteria</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Source of monetary resources (local or federal)</td>
<td></td>
</tr>
<tr>
<td>Joint bids**</td>
<td>3</td>
<td>• Is the contract product of a joint bid?</td>
<td>• Business name (razón social) of awarded joint bidders for each procedure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exceptions to tender and direct awards****</td>
<td>3</td>
<td>• Is the procurement process done under an exception to tender rule?</td>
<td>• Normative scheme (law articles) to support the exception to tender</td>
<td>• Direct award approval letter (oficio)</td>
<td></td>
</tr>
<tr>
<td>Restricted invitations to tender (invitación a cuando menos tres) <strong>/</strong>*</td>
<td>1</td>
<td></td>
<td></td>
<td>Report on restricted invitations (including: agency, buying unit, procedure code, file code, contract description, business name [razón social] of those invited, those who participated, and those awarded)</td>
<td></td>
</tr>
<tr>
<td>Searchability / annual programmes**/***</td>
<td>1</td>
<td>• Allow users to search annual programmes by government agency as well as by specific products</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: (*) information only available for electronic procurement procedures
(****) information that can only be available for procedures carried out after January 2019
(*****) related to a system change in the CompraNet tool rather than to the disclosure of additional information
(*****) For more information on exceptions to open tender procedures, see the website launched by SFP (http://upcp.funcionpublica.gob.mx/descargas/InvitadosI3P.zip)
As at November 2018, additional data fields were included in CompraNet to be filled with information for those processes beginning after January 2019. In addition, on 28 November 2018 SFP issued an official letter (oficio) to operators and managers of contracting units informing them of the new data fields in CompraNet. The uploading of information is expected to happen as new processes begin.

If SFP manages for all buying units to publish all required information regarding subcontracting, modifying agreements, and joint bid proposals, as well as other information requests such as exceptions to tender and procurement processes held under article 1 of the LAASSP and LOPSRM, the vision statement principle on trustworthiness would be supported. Additionally, current information gaps in CompraNet could be narrowed, and CompraNet could become a more user-friendly tool and instrumental for users (as defined by the vision statement principles). To reduce these information asymmetries, the SFP enabled an electronic link for downloading the legal grounds for the public tender exception (http://upcp.funcionpublica.gob.mx/descargas/Contratos2019.zip).

SFP can further implement Recommendation 1 by carrying out additional consultations with the private sector (additional to CONCAMIN), contracting authorities, and INAI. Engagement with the private sector and contracting and transparency authorities on public procurement reforms (i.e., modifying the extent of information disclosed) could ensure that proposed changes reflect the expectations of all parties and that reforms are clearly understood.

**Recommendation 30. Ensure adherence to document upload processes**

**Box 2.12. Recommendation 30 for Mexico’s e-Procurement System, Subgroup on integrity and trust in the tool**

Ensure adherence to document upload processes by increasing user capability and incentivising compliance.

*Source:* (OECD, 2018[1]).

**Proposal for action**

During the OECD fact-finding missions for the *OECD Review*, it became clear that procurement practitioners not always comply with procurement manuals and guidelines (i.e. the Manual Administrativo de Aplicación General en Materia de Adquisiciones, Arrendamientos y Servicios del Sector Público and the Manual Administrativo de Aplicación General en Materia de Obras Públicas y Servicios Relacionados con las Mismas) which involve uploading of required information to the e-Procurement tool. Active efforts to promote human compliance with regulations (i.e., LAASSP, LOPSRM, their manuals and guidelines, and the General Law on Transparency and Access to Public Information) regarding the upload of information into CompraNet would advance the implementation of the vision statement principles on transparency and trustworthiness.

In order to support procurement practitioners to abide by the principle of transparency, SFP could undertake activities that ensure CompraNet—as a technological tool—facilitates compliance with data and document disclosure principles. Exploring
functionalities which require certain data to be uploaded to the tool would assist in supporting compliance with regulations. Fully adopting medium and long-term recommendations 11 (“standardised tender documents for common goods and services”), 12 (“standardisation of electronic documentation format and requirements”), and 3 (on implementing “open data standards”) will support compliant document upload processes in the near future. In addition, SFP could analyse more in-depth the reasons behind procurement practitioners’ non-compliance with information upload regulations.

Changing the system to support compulsory uploading of documents—with controls included in CompraNet not allowing to move on to the next procurement phases if complete information is not provided for previous steps— is consistent with the vision statement principle on trustworthiness of the CompraNet system. A trustworthy e-Procurement tool should contain complete, accurate, updated, and secure information. Compulsory uploading requirements would also foster efficiencies in the use of public funds for the procurement of goods, services, and public works. However, understanding the reasons for the failure to upload may need to be done prior so as to identify if such a change would risk unacceptable delays.

**Progress achieved**

SFP could do more to promote the compulsory upload of information in the tool and to reduce procurement practitioner’s discretionary observance of the manuals and regulations for CompraNet. For this purpose, SFP developed a co-ordinated strategy for Internal Control Bodies (Órganos Internos de Control, OIC) to promote and verify the appropriate use of CompraNet (Estrategia coordinada entre la Coordinación General de Órganos de Vigilancia y Control y la Unidad de Política de Contrataciones Públicas para que los Órganos Internos de Control promuevan y verifiquen el uso adecuado de CompraNet, hereon “the Strategy”). The strategy provides for oversight in order to verify that procurement practitioners are aware of their obligations regarding their use of CompraNet to upload and disclose documents and to check that the information is really there.

The strategy includes the following action lines, activities, and timelines:
Table 2.6. Co-ordinated strategy to promote and verify the appropriate use of CompraNet

<table>
<thead>
<tr>
<th>Action lines</th>
<th>Activities</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Legal Framework</td>
<td>Consolidate a set of documents with the current and applicable regulations for the use of the CompraNet system</td>
<td>In accordance with the modifications to the applicable regulations</td>
</tr>
<tr>
<td></td>
<td>To make this set of current regulations related to CompraNet available to OICs through the serOVC (the Evaluation System for OICs, Sistema de Evaluación de Resultados de los Órganos de Vigilancia y Control) system</td>
<td></td>
</tr>
<tr>
<td>II. Generation of inputs for the dissemination of relevant information</td>
<td>To periodically send information related to the CompraNet system and to be used as inputs for follow-up activities by the Commissaries and Public Delegates (DC) and the OICs</td>
<td>Quarterly</td>
</tr>
<tr>
<td></td>
<td>Make information submitted by the UPCP available for the attention of DCs and OICs</td>
<td></td>
</tr>
<tr>
<td>III. Updating of user accounts with “supervisor” profile</td>
<td>The UPCP and the General Co-ordination of the Supervisory and Control Bodies (Coordinación General de Órganos de Vigilancia y Control, CGOVC) must update and, where necessary, refine the list of user accounts with the profile of supervisors of the OICs</td>
<td>In accordance with the modifications to the users</td>
</tr>
<tr>
<td>IV. Informative sessions/talks</td>
<td>Develop informative talks with the sectors of the Supervisory and Control Bodies on issues related to monitoring and control that they should carry out to verify that users are using the system correctly</td>
<td>Quarterly</td>
</tr>
<tr>
<td></td>
<td>Convene remote sessions for the presentation of aspects related to the CompraNet system or more detailed advice</td>
<td>In accordance with needs</td>
</tr>
<tr>
<td></td>
<td>Attention to queries and guidance via e-mail and telephone with the supervisors assigned to the OICs that carry out the verification tasks in the CompraNet system</td>
<td>In accordance with needs</td>
</tr>
<tr>
<td>V. Participation in institutional Committees</td>
<td>The CGOVC will rotate the instruction for the DCs to perform the following actions: 1. Promote the appropriate use of CompraNet in the sessions of the Committees in which they participate with the institutions 2. Make opinions or recommendations in these Committees, based on the inputs and information indicators provided by the UPCP (Action line II) 3. Co-ordinate and instruct the OICs in their sector to promote and verify the proper use of CompraNet, developing a monitoring and control approach to verify that users are using the system correctly</td>
<td>In accordance with the timetables of the Committees in which they participate</td>
</tr>
<tr>
<td>VI. Co-ordination of OICs to promote the use of CompraNet</td>
<td>The CGOVC will coordinate by itself, or through the DCs, the instruction given to the OICs to promote and verify that the institutions to which they are assigned make appropriate use of CompraNet</td>
<td>In accordance with needs</td>
</tr>
<tr>
<td>VII. Worktables with OICs</td>
<td>Carry out worktables with the intention of identifying the needs of the OICs, with the aim of designing new tools to carry out a correct verification</td>
<td>In accordance with needs</td>
</tr>
<tr>
<td>VIII. Strengthening Annual Work Programmes (Programas de Trabajo, PAT)</td>
<td>Make proposals to incorporate the draft guidelines for the preparation of the PAT 2019 into the project</td>
<td>Annual, in accordance with the integration of the guidelines for the preparation of the PAT</td>
</tr>
<tr>
<td></td>
<td>Analyse proposals and, if necessary, add to the guidelines for the preparation of the PAT</td>
<td></td>
</tr>
</tbody>
</table>

Source: Ministry of Public Administration, Strategy.

As shown by the co-ordinated strategy’s action lines and activities, SFP developed guidelines for the General Co-ordination of Supervisory and Control Bodies (Coordinación General de Órganos de Vigilancia y Control, CGOVC) to promote the use of CompraNet in the federal government. Most activities deal with clarity regarding procurement regulations, update of supervisor profiles, training and talking sessions to address doubts regarding the use of CompraNet by the OICs, and overall promotion of
procurement practitioners’ compliance with CompraNet’s information upload requirements, and an appropriate use of the e-procurement tool.

Many activities carried out by the Ministry of Public Administration are enforcement related. Enforcement-based initiatives are currently supported by SFP to increase compliance with regulations, although these efforts have not guaranteed complete compliance by procurement practitioners in the past. Nevertheless, the implementation of preventive actions helps ensure procurement practitioners have the correct incentives to use the e-procurement tool to upload documents in compliance with procurement, transparency and economic competition regulations. In other words, CompraNet would benefit from aligning the design of the tool with the regulation requirement to upload complete data.

Options for ensuring compliance with document upload requirements include tool-based controls to prevent acceptance in CompraNet of incomplete records. Current regulations (i.e., laws, bylaws, guides or manuals referring to the use of CompraNet) already require a compulsory upload of documents and information in CompraNet, therefore SFP could include tool-based controls in CompraNet preventing users from moving onto the next phase of the procurement cycle unless all the information for the previous phase is all uploaded.

Furthermore, SFP could apply additional strategies such as further publicising the sanctions for non-compliance. SFP could “name and shame” to promote compliance by public entities and agencies. It would also be helpful for SFP to clearly define (through a data management strategy) the public officials in each buying unit who are responsible for uploading information in CompraNet.

Currently OICs need to find missing data. There is an opportunity to save time and resources if a solution is found to the problem of missing data. If document uploading is carried out in a complete and reliable manner, then the OICs will not need to chase the missing data and could refocus work and resources to other activities such as identifying trends and evaluating the effectiveness of the public procurement system. Other CompraNet users such as the Supreme Audit Body (ASF), CSOs, business chambers, businesses and SMEs, INAI, and COFECE, are also currently impacted by the missing data. Eliminating missing information would also have benefits for all government and private entities and agencies using information from CompraNet for developing annual purchase plans, market research, and other procurement related activities.

**Note**

With some exceptions, for example, processes carried out under the umbrella of the exceptions included in Article 1 of the LAASSP and LOPSRM, some processes executed through direct award by amount.
Chapter 3. Creating a user-friendly tool that promotes efficiency through simplification and compliance

All CompraNet users would benefit, and be able to better carry out their tasks, from simple interactions, clear rules and processes to engage with the e-Procurement tool) all users would benefit and be able to better carry out their tasks. For a tool like CompraNet to foster a user-friendly interface, the tool should ideally be supported by the regulatory scheme, facilitate compliance with the system rules and duties, provide training for procurement practitioners on the use of CompraNet, promote a complete transactional system where the entire public procurement cycle is standardised and managed electronically, and provide a help-desk to answer users’ queries. CompraNet external users include audit bodies, businesses (including SMEs), CSOs, competition and transparency authorities, and the general public, among others, as well as internal users such as contracting authorities (CA), Internal Control Bodies, and SFP itself, all of which could benefit from a user-friendly CompraNet.

This chapter touches on recommendations that call for a user-friendly, standardised, and simple to use tool. To achieve these objectives, regulatory changes will be needed as signalled in the OECD Review.

In addition, current barriers for supplier participation could be identified and then reduced, benefiting economic competition and market development (recommendation 8). Actions to promote compliance with regulations, i.e., through audit (recommendation 17) and user training programmes (recommendations 9 and 14) are considered. These training programmes include an additional focus beyond compliance, as they touch on developing users’ capacities for interacting with the CompraNet tool. Finally, the current support service for system users (help-desk) could be further expanded to provide it with sufficient human resources to address all users’ queries in an efficient and complete manner (recommendation 16). Throughout the implementation of these six recommendations (see Table 3.1), CompraNet is expected to become more user-friendly and allow users for a simpler and more standardised experience.
Table 3.1. Short-term recommendations for system use

<table>
<thead>
<tr>
<th>ID</th>
<th>Title</th>
<th>Recommendation (Objective)</th>
<th>Vision statement alignment (total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>Identify required legal reforms</td>
<td>Identify legal reforms required to address recommendations for the improvement and expansion of CompraNet</td>
<td>Transactional, standardised, transparent, trustworthy, interconnected, co-ordinated, instrumental for users, dynamic and innovative, exemplary</td>
</tr>
<tr>
<td>8</td>
<td>Identify barriers for supplier participation</td>
<td>Set a work plan to identify, with suppliers, barriers to supplier participation within the CompraNet tool, with special focus on small and medium-sized enterprises (SMEs)</td>
<td>Standardised, user-friendly, geared towards economic competition, exemplary</td>
</tr>
<tr>
<td>17</td>
<td>Audit approach developed by Internal Control Bodies on minimising exceptions</td>
<td>Internal control bodies to ensure CompraNet is always used, except in the case of valid exceptions</td>
<td>Transparent, trustworthy, accountable, exemplary</td>
</tr>
<tr>
<td>9</td>
<td>Expand training to improve suppliers’ knowledge of the system’s processes and functionality</td>
<td>Undertake efforts to improve and expand system training for suppliers to improve knowledge of the system’s processes and functionalities</td>
<td>Trustworthy, user-friendly, exemplary</td>
</tr>
<tr>
<td>14</td>
<td>Procurement practitioner capabilities</td>
<td>Develop training procedures to increase e-procurement capabilities of the Mexican federal procurement workforce.</td>
<td>Trustworthy, user-friendly, exemplary</td>
</tr>
<tr>
<td>16</td>
<td>Support services for system users</td>
<td>Provide users of the platform support to maximise the benefits of the system through training and guidance (supported by help desk services), including promoting use of help desk services to those not currently engaging with the service</td>
<td>User-friendly, exemplary</td>
</tr>
</tbody>
</table>

Source: (OECD, 2018[1]).

Recommendation 15. Identify required legal reforms

Box 3.1. Recommendation 15 for Mexico’s e-Procurement System, Subgroup on competition and capacity building

Identify legal reforms required to address recommendations for the improvement and expansion of CompraNet.

Source: (OECD, 2018[1]).

Proposal for action

If considerable changes to CompraNet are seen simply as a technology enhancement project, without an accompanying reform to the general public procurement system, the project may not achieve the anticipated benefits.

Identifying the required legal reforms that would allow for the adoption of a fully transactional e-Procurement tool for Mexico that is consistent with the vision statement and the Roadmap recommendations, is a condition for the success of the reform of CompraNet. These legal reforms should consider the final expected outcomes, meaning that ideally regulation will allow for the adoption of a fully transactional system with all expected characteristics to be achieved by the end of Phase 3 of the Roadmap.
implementation. In this sense, regulations should be seen as a facilitator to achieve a system-wide reform. Also, and even though regulatory reforms are a needed element, these are not sufficient by themselves and need to be complemented by other measures influencing IT and human resources, among others.

These reforms identified by SFP (see Table 3.2) include modifying the current LAASSP, LOPSRM and the LFPRH, and its bylaws and administrative manuals, allowing for the mandatory electronic management of the complete public procurement cycle, the adoption of standardised formats and documents, and the use of open contracting data standards to fill in such formats using pre-established data fields. In addition, regulatory reforms were considered to minimise exceptions to information upload in CompraNet (such as the current Article 1 of the LAASSP and LOPSRM) and to allow for a fully transactional e-Procurement tool (in line with recommendation 27 of the Roadmap).

Additional benefits could result from adapting monitoring, audit and verification mechanisms to consider the implementation of block-chain mechanisms and tracking all document versions to be kept in CompraNet. Finally, SFP should map regulatory reforms to the Roadmap recommendation-by-recommendation keeping in mind the principle that the regulatory framework should allow for easy compliance.

Failing to reform the regulatory framework in a way that takes account of the long-term objectives for CompraNet would be less efficient and an additional source of uncertainty for stakeholders, including suppliers and other users, and it would be an obstacle to mobilise such stakeholders and the resources needed.

Implementing the e-Procurement tool reform programme proposed by SFP can encounter many different hurdles. To start with, the reform programme for CompraNet has a multifaceted component in concert with other aspects of procurement reform (such as legal settings) that need to be considered to obtain better results (see Box 3.2), as well as the bureaucratic resistance that could be expected.

**Box 3.2. Regulatory structure of an electronic public procurement reform project**

In order to benefit from introducing e-procurement tools in national public procurement systems, it is necessary to review the existing legal framework and optimise the procurement process for an e-commerce environment. In most cases, this will require redesign of procurement methods and incorporating new business processes in the public procurement legislation, as well as operational policies.

The review of the legal framework should not be limited to amending methods for communication but need to be structured to examine key stages of the public procurement cycle: pre-tendering, tendering and post-tendering. The objective of the legal update should be focused on how to employ technology to achieve intense competition, streamline decision-making, improve predictability, and speed up the procurement process. In other words, it is necessary to understand that, for instance, a real-time recording of electronic processes allows a simpler approach to achieve better results than with elaborate manual procedures, and without compromising accountability and transparency, which are mandatory for procurement in the public sector.

To properly support the implementation of electronic procurement, governments need to review and update existing rules and regulations guiding the manual procurement process to reflect the new practice to be followed when accessing tender information, registering for a
bid, responding to bids, and opening bids. The new practices and guidelines will also need to define the roles and responsibilities of each party in the procurement process: the procuring agency, the requiring units, the supplier and the e-procurement system. The transition to e-procurement is a business re-engineering process that involves the creation of a new business service operation and should be part of an overall procurement reform process.

The transition to e-procurement will reflect changes to a number of common practices and introduce new issues associated with the support and operation of an electronic business service. Procurement policies and rules should be redefined to include management practices and transactions in the electronic environment and operating circumstances that were not present under the manual process.

Source: (EBRD, 2015[13]).

CompraNet has been subject to previous regulatory reforms which affected the system, its design, components, and usability.

Since its launching in 1996, and through its five system versions (from CompraNet 1.0 to CompraNet 5.0), CompraNet has been expanded and new modules have been added. These changes have occurred hand-in-hand with reforms to procurement regulations.

- In 2009, the reforms to the Law on Public Sector Acquisitions, Leases and Services (LAASSP) and the Law on Public Works and Related Services (LOPSRM) gave CompraNet legal status as the official platform for managing electronic information of the federal government’s procurement activity. Government entities subject to this legislation were required to use CompraNet in the procurement procedures prescribed under both laws. For the legal and regulatory framework applicable to CompraNet, see Box 3.3.

### Box 3.3. Mexican legislation on public procurement and CompraNet

The legal and regulatory framework for public procurement in Mexico allows for e-procurement to assist government in conducting procurement processes and awarding contracts electronically. The core legislative requirements for e-procurement and e-commerce deal with electronic documents and electronic signatures, but the law touches on different facets of public procurement. At the federal level, the applicable legal provisions in public procurement include the following rules:

- three laws governing procurement and public works (LAASSP, LOPSRM, and the Law on Public-Private Partnerships)
- a number of secondary regulations and administrative instruments
- obligations arising from international agreements.

This legal framework is broad and complex and is further complicated by the number of laws relating to procurement at the state level. The current procurement legislation is now under review (with bills introduced in Congress), to help identify improvements that could make public procurement operate more effectively. It should be noted that passing and then implementing any new laws is likely to be a lengthy process involving the efforts of many stakeholders. Many countries regulate procurement practices using a number of other instruments, for example through policies, directives and training, as well as through the functionality of the e-procurement system itself.

Source: Revision to current legislation, (Asian Development Bank, 2013[14]).
Recently, a reform proposal (*iniciativa de ley*) for modifying the laws regulating acquisitions of goods, services and public works was recently presented in the Mexican Congress in 2018 with the objective to eliminate Article 1. This proposal has not been approved and hence has not led to any changes but exemplifies the perceived need to reform the LAASSP and LOPSRM. Additionally, the convenience of pushing a reform to substitute the current LAASSP and LOPSRM for a General Law on Public Procurement is being discussed, among other initiatives looking to establish fundamental regulations on key issues, i.e., for planning, execution, transparency, contracting methods, and evaluation, among others (COFECE, 2018[12]).

Other relevant changes for e-Procurement tool have taken place during the transition process for the new government for the period 2018-2024. On 22 November 2018, the Mexican Senate approved the Organic Law of the Federal Public Administration with which most of the powers in matters of public procurement become administered by the Ministry of Finance (the powers of audit and control remain in SFP).

It appears that an objective of the legal reform is to support consolidated purchasing strategies as a mechanism for achieving savings and greater value for money in the use of public funds.

Whatever the governance mechanisms selected in the future to manage public procurement processes, CompraNet can support government objectives and generate mechanism guaranteeing value for money in the use of public funds. For this, the regulatory scheme should align with the governance model adopted to ease the adoption of changes needed for CompraNet.

**Progress achieved**

As part of the activities undertaken by SFP for the implementation of recommendation 15, a document was developed identifying broad aspects for future regulatory reforms (including changes to primary laws, secondary regulations, manuals, and ministerial agreements). Most regulatory reforms identified by the Ministry do not call for legislative action but can be achieved through changes to operation manuals and ministerial agreements. The document developed by SFP identifies the normative documents (laws, bylaws, ministerial agreements, and operational manuals) to be reformed, and suggests the fractions, articles, titles, or chapters of the regulatory documents that could be subject to reform.

After an analysis for the implementation of medium-term recommendations, this document (the *inventario de reformas al marco jurídico*, or reform inventory) could be further developed to point out, more precisely, the proposed reforms (i.e., by suggesting a new text wording for the regulatory documents) to be used as a starting point for the implementation in Phase 2 of the medium-term recommendation 18 to promote an inclusive, multifaceted reform programme.

Below is a summary of the regulatory changes identified by SFP:
Table 3.2. Regulatory changes identified by SFP for the implementation of recommendations included in the Roadmap of the OECD Review of Mexico’s e-Procurement System

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Reach</th>
<th>Nature of normative document subject to reform</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Data management strategy</td>
<td>Include data following the OCDS</td>
<td>Ministerial agreement</td>
<td>Short</td>
</tr>
<tr>
<td>3. Open data standards</td>
<td>Set rules for entities to publish relevant data</td>
<td>Ministerial agreement</td>
<td>Medium</td>
</tr>
<tr>
<td>4. Naming conventions and referencing standards</td>
<td>Compulsory use of nomenclatures and reference standards</td>
<td>Ministerial agreement</td>
<td>Medium</td>
</tr>
<tr>
<td>7. Article 1 exceptions within the system</td>
<td>Compulsory use of CompraNet for contracts held between public entities</td>
<td>Law and Regulations (LAASSP and LOPSRM)</td>
<td>Long</td>
</tr>
<tr>
<td>10. Expansion of supplier registry to include prequalification information</td>
<td>Include data on CompraNet on suppliers participating in procurement processes</td>
<td>Ministerial agreement</td>
<td>Medium</td>
</tr>
<tr>
<td>11. Standardised tender documents for common goods and services</td>
<td>Adoption of standardised tender documents</td>
<td>Administrative manuals</td>
<td>Medium</td>
</tr>
<tr>
<td>12. Standardisation of electronic documentation format and requirements</td>
<td>Compulsory use of e-procurement tool for the complete public procurement cycle</td>
<td>Law and Regulations (LAASSP, LOPSRM and Federal Law on Budget and Fiscal Responsibility [LFPRH]) Ministerial agreements</td>
<td>Long</td>
</tr>
<tr>
<td>13. Transition to best practice standard for the classification of goods, services and public works</td>
<td>Compulsory use of classification standards</td>
<td>Ministerial agreement</td>
<td>Long</td>
</tr>
<tr>
<td>19. Contract management module</td>
<td>Transactional module for contract management</td>
<td>Law and Regulations (LAASSP and LOPSRM) Administrative manuals Ministerial agreement</td>
<td>Medium</td>
</tr>
<tr>
<td>20. Open tender exception document disclosure</td>
<td>Regulatory reform defining rules on document disclosure</td>
<td>Ministerial agreement</td>
<td>Medium</td>
</tr>
<tr>
<td>25. E-signature</td>
<td>Allowing contracts to be signed using e-signature</td>
<td>Ministerial agreement</td>
<td>Medium</td>
</tr>
<tr>
<td>27. End-to-end system coverage of procurement cycle</td>
<td>Complete procurement cycle should be managed through the e-procurement tool (electronically instead of paper-based)</td>
<td>Law and Regulations (LAASSP, LOPSRM, and LFPRH) Ministerial agreements</td>
<td>Long</td>
</tr>
<tr>
<td>32. Classification of tender information</td>
<td>Classification following the General Law on Transparency and Data Access</td>
<td>Ministerial agreements</td>
<td>Medium</td>
</tr>
<tr>
<td>33. Enable block-chain tracking of decisions and documentation</td>
<td>Complete procurement cycle should be managed through the e-procurement tool (electronically instead of paper-based)</td>
<td>Law and Regulations (LAASSP, LOPSRM, and LFPRH) Ministerial agreements</td>
<td>Medium</td>
</tr>
<tr>
<td>34. Tender evaluation module</td>
<td>Allow CompraNet for tender evaluations</td>
<td>Law and Regulations (LAASSP, LOPSRM) Ministerial agreement</td>
<td>Medium</td>
</tr>
</tbody>
</table>

Note: Regulations considered in the inventory document are: Laws and bylaws (LAASSP, LOPSRM, and LFPRH); Ministerial agreements (Acuerdo por el que se establecen las disposiciones que se deberán observar para la utilización del Sistema Electrónico de Información Pública Gubernamental denominado CompraNet, and Acuerdo por el que se establece la obligación de incorporar a CompraNet la información relativa a la planeación de las contrataciones y la ejecución de contratos que regula la LAASSP y la LOPSRM); Manuals for LAASSP and LOPSRM.

Source: Ministry of Public Administration.
Recommendation 8. Identify barriers for supplier participation

Box 3.4. Recommendation 8 for Mexico’s e-Procurement System, Subgroup on interaction with suppliers

Set a work plan to identify, with suppliers, barriers to supplier participation within the CompraNet tool, with special focus on small and medium-sized enterprises (SMEs).

Source: (OECD, 2018[1]).

Proposal for action

Ideally, an e-Procurement tool such as CompraNet should aim to reduce transaction costs, as much as possible, by introducing technology solutions and the electronic management of workflows. Reducing transaction costs implies reducing entry barriers for suppliers.

The savings of lower transaction costs can benefit the public sector by encouraging suppliers to offer lower prices in response to lower overall costs. Hence, reducing transaction costs for suppliers can achieve greater value for money in the use of public funds.

Lower entry barriers for suppliers also translate into greater competition for tender processes (following the vision statement principle on geared toward economic competition).

As a way to lower entry barriers, the Ministry of Public Administration could consider applying sanctions resulting from investigations undergone by economic competition authorities. According to Mexico’s Competition Commission (COFECE), one in every three investigations made by the Commission relate to public procurement. Even more, for the three cases where COFECE has imposed monetary sanctions for proven cases of economic collusion (for cases related with the procurement of polyethylene gloves, condoms and catheters, and media monitoring services), the Commission notified SFP about its resolution. SFP has powers to investigate misconduct under the General Administrative Liability Act (Ley General de Responsabilidades Administrativas, LGRA) (COFECE, 2018[12]) and it is important that these powers are used. Overall, businesses will face barriers for participating in procurement processes if effective and suitable sanctions are not applied to cases of economic collusion and bid rigging to hinder such anticompetitive behaviour.

High transaction costs can be a barrier especially to small and medium enterprises. Reducing transaction costs fosters the vision statement principle calling for a user-friendly tool as it would add to the offer of quick access to the system, and clarity on the system’s rules and processes.

The standardisation of the complete procurement cycle, and a consistent interpretation and implementation of system’s rules and processes, would help to remove barriers for supplier participation, especially for SMEs. SMEs would benefit from consistent regulatory interpretations between all buying units (as of 2017 CompraNet was used by 5 416 buying units nation-wide),\(^2\) and common procurement processes and specifications for all government procurement activities. Currently, the relatively high volume of procurement processes makes it challenging for SMEs to maintain the level of resources
(both monetary and human) needed to undergo procurement processes due to the multiple process rules and regulatory interpretations followed by the different buying units.

Box 3.5. OECD’s Recommendation of the Council on Public Procurement –principle on access

IV. RECOMMENDS that Adherents facilitate access to procurement opportunities for potential competitors of all sizes.

To this end, Adherents should: […]

ii) Deliver clear and integrated tender documentation, standardised where possible and proportionate to the need, to ensure that:

1) specific tender opportunities are designed so as to encourage broad participation from potential competitors, including new entrants and small and medium enterprises. This requires providing clear guidance to inform buyers expectations (including specifications and contract as well as payment terms) and binding information about evaluation and award criteria and their weights (whether they are focused specifically on price, include elements of price/quality ratio or support secondary policy objectives); and

2) the extent and complexity of information required in tender documentation and the time allotted for suppliers to respond is proportionate to the size and complexity of the procurement, taking into account any exigent circumstances such as emergency procurement.

Source: (OECD, 2015[2]).

Using CompraNet to increase value for public funds requires engaging the business community. According to the OECD Report Mexico’s e-Procurement System: Redesigning CompraNet through Stakeholder Engagement, the barriers for businesses in using e-procurement differ from those faced by contracting authorities (OECD, 2016[15]). Barriers for businesses in OECD countries are more diverse and include limitations in their knowledge and skills in using ICT, difficulties in interacting with the system and understanding or applying the necessary procedures (see Figure 3.1).
Figure 3.1. Challenges for businesses in effectively using e-procurement systems

Source: (OECD, 2016[15]).

From 2010 to 2018, on average 4.3 bid proposals were received for each open tender conducted in CompraNet. SFP intends to increase this number in order to demonstrate the inclusiveness and competitiveness of public procurement in Mexico. For this purpose, SFP could reach out to businesses that are not participating in public procurement opportunities (whether they are already registered, or not, in CompraNet). According to Mexico’s Statistics Office (Instituto Nacional de Estadística y Geografía, INEGI) (INEGI, 2018[16]), as of 2018 there were more than 5 million formal businesses in Mexico. According to SFP, 260 022 physical and moral persons are registered in CompraNet. Engaging those suppliers still not registered, many of whom are likely to be SMEs, will mean eliminating barriers to participation, to ensure that CompraNet can be used by suppliers of all sizes all over the country. The OECD public procurement survey identified a number of approaches used by member countries to encourage the participation of SMEs in public procurement (OECD, 2016[15]).
During the fact-finding missions for the *OECD Review*, several reasons were suggested for the lack of participation by suppliers already registered in CompraNet. One reason was their limited ability to act on notifications of tender opportunities. SFP has ongoing training mechanisms for suppliers, and considerations could be made to include new contents relating to how to be successful in responding to government tenders. These efforts could be done along with improvements to the RSS feed for CompraNet, in such a way that suppliers receive relevant information that matches the needs of the buying units with the goods offered by suppliers.

**Progress achieved**

For the purpose of implementing changes in CompraNet that would allow for a broader participation of suppliers (both currently registered and not registered in CompraNet) by reducing barriers for their participation, SFP developed an Inventory of Possible Barriers for Business Participation (*Inventario de posibles barreras a la participación de las empresas dentro de la herramienta CompraNet*, hereinafter “the Inventory”).

For the development of the Inventory, SFP consulted COFECE, the Ministry of Economy, and the Normative Unit for Public Procurement (UNCP) of SFP. Having an additional direct approach to the business sector was not considered necessary, but rather the Ministry used inputs already stemming from consultations to suppliers on barriers for participation (namely, the survey to suppliers from the *OECD Review*, and surveys to firms using CompraNet). For these efforts, SFP could find useful to gather the opinion of suppliers relative to the inventory document to prove its findings.

For COFECE, as expressed in its *Competition Agenda for Public Procurement* (COFECE, 2018[^12]), barriers for supplier participation can be reduced through adequate procurement tender design, among other measures included in Box 3.6.
Box 3.6. Tender design as the best way to promote participation and competition. Mexico’s competition commission’s recommendations on public procurement

According to the Federal Competition Commission (COFECE), and from the point of view of competition, the design of procurement procedures should at least consider the following aspects:

- establish only those participation requirements which are strictly necessary, and which are transparent, objective and non-discriminatory;
- disseminate relevant information in a timely manner and within a reasonable time frame to enable participants to prepare their proposals, avoiding disclosing information that would facilitate the formation of collusive arrangements;
- use objective criteria to rate the technical and economic soundness of proposals and to allocate contracts.

In general, it is essential to reduce the spaces for discretion and uncertainty throughout the procedure, so that economic agents can prepare their proposals based on the characteristics of the products/services they offer and not strategically trying to anticipate the possible behaviour of the official in charge of the bidding process.

Source: (COFECE, 2018[12]).

In the Inventory document developed by SFP, the Ministry concludes that “the CompraNet tool does not limit the participation of potential bidders in public procurement; on the contrary, the results recognise the system as a positive factor in favour of participation”. An area of opportunity identified by the Ministry consists of procurement practitioners’ limited capacities in interacting with the e-procurement tool: “While recognising the areas of opportunity that every electronic system experiences, the greatest challenge facing the system today is its efficient operation, that is, the ability of procurement practitioners responsible for interacting with CompraNet”.

Having complete and reliable information in CompraNet (as included in recommendation 31) reduces entry barriers for businesses as it provides relevant information to enable decision-making processes. Businesses, including SMEs, benefit from reliable and reusable data as it gives certainty over government’s procurement trends allowing for more realistic business plans (including expected demand of goods, services, and public works by the public sector). Complete and reliable data also supports better investment decisions by businesses.

Barriers for business participation in CompraNet were explored during the surveys made to businesses for the OECD Review. According to a survey undertaken by SFP for the purpose of the Inventory, the barriers identified by the private sector include, among others:

- The compulsory use of the classification standard for goods and services (CUCOP) is not always observed. This does not allow for clear information on which goods and services were purchased in the past and which goods and services will be purchased for ongoing procurement processes.
• Even though the LAASSP and LOPSRM require buying units to upload their Annual Plans for purchases, these are not always published in CompraNet, thus hindering certainty for markets.

The survey results could lead SFP to analyse those obstacles identified and propose solutions. Although e-Procurement tools have been set as an example of best practice to promote participation, these tools need careful design to focus on being user-friendly, geared toward economic participation, and transparent and trustworthy. One of the main objectives for implementing IT in public procurement is to create simple and easy-to-use tools, regardless of the overall complexity of the procurement system, its regulations, and related international commercial treaties, among other elements involved.

Additionally, ICT solutions such as CompraNet could promote the reduction of transaction costs and eliminate the need to submit duplicate certificates and other records. Uploading PDF files to CompraNet is not ideal (by uploading low quality scans, CompraNet does not allow for analyses to be made on real conditions markets have to face, thus increasing uncertainty). ICTs, as shown by several international examples of e-procurement tools, currently allow for document standardisation and online document template filling and e-signature. As well, further interconnection and integration of Mexico’s digital government tools (i.e. with those of the Revenue Agency (SAT), or Mexico’s Social Security Institute (IMSS), among others) could support CompraNet in reducing barriers for supplier participation, and automatically gather information of potential suppliers.

Box 3.7. Reducing transaction costs for suppliers in Korea

The Korean e-Procurement system (KONEPS) includes tools that reduce burdens on suppliers by eliminating the need to submit duplicative certificates and other records, helping ensure that the extent and complexity of information required in tender documentation and the time allotted for suppliers to respond is proportionate to the size and complexity of the procurement process.

Companies that previously had to register individually for each public procurement bidding can now register only once with the Public Procurement Service and participate in all biddings from central government entities, local governments, and public enterprises.

Through the shared use of government data through data interchange between KONEPS and other databases owned by public authorities, KONEPS enabled the elimination of paper submission of business registration certificates and tax payment certificates. For public construction tenders, bidders are no longer required to submit certificates on past experiences, as such information was electronically collected through data interchange with construction industry associations.

According to a study conducted in 2009, annual transaction cost savings enabled through KONEPS amounts to KRW 9.5 trillion. Of this, the saving of KRW 1.6 trillion occurs in the public sector, from reduced labour and process time due to the streamlined and digitalised work process. KRW 7.9 trillion was saved in the private sector, mainly from reduced costs for visiting public entities and obtaining required certificates and proof documents. Reduced labour and time from streamlined and standardised process also contributed to the savings.

Source: (OECD, 2016[17]).
Recommendation 17. Audit approach developed by Internal Control Bodies on minimising exceptions

**Box 3.8. Recommendation 17 for Mexico’s e-Procurement System, Subgroup on competition and capacity building**

Internal control bodies to ensure CompraNet is always used, except in the case of valid exceptions.

*Source:* (OECD, 2018[1]).

**Proposal for action**

PWGPP members, including SFP, have noticed the need to assure that exceptions to public tender are consistently applied (OECD, 2018[1]). Therefore, Internal Control Bodies (*Órganos Internos de Control, OIC*) need to follow an approach to consistently review any allowable and justified exception. There are cases where a contracting authority can legitimately refrain from conducting an open tender process. According to Chapter 3 of the LAASSP, addressing the exceptions to open tenders, there are two valid scenarios for exceptions: by amount (Article 42) and by justified cases of exception (Article 41) (DOF, 2014[18]). Article 41 considers twenty cases for which exceptions to open tender are justified (see Box 3.9). For the procurement of public works, the LOPSRM identifies — in its Chapter 3 — the allowed cases for exception: by amount (Article 43) and by justified cases of exception (Article 42). For public works, Article 42 of the LOPSRM considers fourteen scenarios where buying units can decide for an exception to an open tender (DOF, 2016[19]). These scenarios for the LOPSRM are very similar to those considered by the LAASSP.

Some selected scenarios for justifying the selection of an exception to an open tender, according to Article 41 of the LAASSP, include those goods and services with a single supplier (i.e., for patent goods, or art work, among others), in cases of force majeure where goods and services are promptly required, or with the cancellation of a previously awarded contract through open tender in which case the contract can be directly awarded to the runner ups.

**Box 3.9. Law on Public Sector Acquisitions, Leases and Services, Articles 41 and 42**

*Article 41.* The agencies and entities, under their responsibility, may contract acquisitions, leases and services, without being subject to the open tendering procedure, through invitations to at least three persons or direct awards, when:

I. The contract can only be concluded with a certain person because they are works of art, exclusive licensing of patents, copyrights or other existing rights;

II. Danger or alteration of the social order, economy, public services, health, safety or the environment of any area or region of the country as a result of unforeseen circumstances or force majeure;

III. Circumstances exist that could lead to significant additional losses or costs, duly justified;
IV. Are carried out for exclusively military or navy purposes, or are procured through public bidding that endangers national security or public safety;

The administrative requirements of the subject of this Law are not included in the cases referred to in this section;

V. Derived from fortuitous event or force majeure, it is not possible to obtain goods or services through the public bidding procedure in the time required to deal with the eventuality in question, in this case the quantities or concepts must be limited to what is strictly necessary to deal with it;

VI. A contract awarded through open tender has been cancelled, in which case it may be awarded to the bidder who has obtained the second or subsequent places, provided that the difference in price with respect to the initially awarded proposal does not exceed a margin of ten percent. In the case of contracts in which the evaluation has been carried out by means of points and percentages or cost/benefit, it may be awarded to the second or subsequent place within the aforementioned margin;

VII. An open tender has been declared void, provided that the requirements established in the invitation to tender are maintained, the noncompliance of which has been considered as a cause for rejection because it directly affects the solvency of the proposals;

VIII. There are justified reasons for the acquisition or lease of goods of a particular brand;

IX. These are acquisitions of perishable goods, grains and basic or semi-processed foodstuffs, livestock.

Likewise, in the case of used or reconstructed goods for which the price may not be higher than that determined by means of an appraisal to be carried out by credit institutions or third parties authorised to do so in accordance with the applicable provisions, issued within the six months prior to and in force at the time of award of the respective contract, without prejudice to the provisions of Article 12 Bis of this Law;

X. It is a matter of consulting services, advisory services, studies or research, and the invitation procedure must be applied to at least three suppliers, including public and private institutions of higher education and public research centres.

Contracting by direct award may only be authorised when the information to be provided to the bidders for the preparation of their proposal is reserved under the terms established in the Federal Law of Transparency and Access to Public Information;

XI. These are acquisitions, leases or services contracted with peasants or marginalised urban groups, such as individuals or corporations;

The acquisition of goods by agencies and entities for direct marketing or to submit them to production processes carried out by them in compliance with their own object or purposes expressly established in the legal act of their constitution;

XIII. These are acquisitions of goods coming from persons who, without being usual suppliers, offer goods under favourable conditions, because they are undergoing liquidation or dissolution, or under judicial intervention;

Services rendered by a natural person referred to in section VII of article 3 of this Law, provided that they are performed by that person without requiring the use of more than one specialist or technician;
XV. It is a question of services of maintenance of goods in which it is not possible to specify their scope, to establish the quantities of work or to determine the corresponding specifications;

XVI. The object of the contract is the design and manufacture of a good that serves as a prototype to carry out the tests that demonstrate its operation. In these cases, the agency or entity must agree that the rights over the design, use or any other exclusive right, are constituted in favour of the Federation or the entities as appropriate. If the tests are satisfactory, the contract shall be formalised for the production of a greater number of goods for at least twenty percent of the needs of the agency or entity, with a term of three years;

XVII. These are specialised equipment, substances and materials of chemical, physical, or biochemical origin to be used in experimental activities required in scientific research and technological development projects, provided that such projects are authorised by whoever determines the owner of the agency or the governing body of the entity;

XVIII. Accept the acquisition of goods or the rendering of services by way of payment in goods, under the terms of the Federal Treasury Service Law;

XIX. Acquisitions of goods and services relating to the operation of nuclear facilities, and;

XX. It is the subscription of specific contracts deriving from a framework agreement.[…]

**Article 42.** The agencies and entities, under their responsibility, may contract acquisitions, leases and services, without being subject to the open tendering procedure, through invitations to at least three persons or direct award, when the amount of each operation does not exceed the maximum amounts established for this purpose in the Federation's Expenditure Budget (Presupuesto de Egresos de la Federación), provided that the operations are not split up to be included in the cases of exception to open tender referred to in this article.

[…]

The sum of the operations carried out under this article may not exceed thirty per cent of the budget for acquisitions, leases and services authorised to the unit or entity in each financial year. The contracting shall be adjusted to the limits established in the Federation's Expenditure Budget.

*Source:* (DOF, 2014[13]).
public version and in cases that are not confidential or reserved, may also be published in CompraNet.

With complete and reliable information on the transparency and justification in the selection of exception procedures to open tenders, SFP would be providing stakeholders with useful data for their decision-making processes. This would also benefit the principles of the vision statement of a system that is user-friendly, transparent, and trustworthy.

This becomes even more relevant considering that during 2017, and according to information provided by SFP, 29% of the amounts contracted by the Federal Public Administration for contracts for goods, services and public works reported in CompraNet were made through direct awards, and 11% through restricted invitations to tender. Transparency in the justification of these decisions can inhibit potential abuses and create incentives to opt for competitive processes whenever possible. In this sense, it should be noted that 60% of the amounts contracted (by monetary value) were made through open tenders (see Table 2.2, included for recommendation 31).

**Progress achieved**

To address recommendation 17, SFP developed a guideline for the General Co-ordination of Supervisory and Control Bodies (Coordinación General de Órganos de Vigilancia y Control, CGOVC) to promote the use of CompraNet in the federal government. This guideline also addresses recommendations 21 and 30 of this report. In other words, the ICBs could pay particular attention to the publication in CompraNet of the elements justifying an exception to public tender.

The guideline's efforts focused on eight lines of action (see Table 2.6 in Chapter 2), including training sessions on the correct use of CompraNet, which promoted compliance with the system's rules by public procurement practitioners and clarified doubts about the tool's regulatory framework.

For the other stakeholders interested in knowing about the processes of exception to open tenders, SFP could search for mechanisms to publish open data pointing out the article and fraction that justifies the selection of a restricted invitation to tender or of a direct award. To this end, SFP could publish additional data fields in the Contrataciones Abiertas website following the principles of the OCDS, as well as the rulings prepared by the committees for the procurement of goods and services, and public works, in the CompraNet tool. The foregoing, ensuring that the information is complete, that it is available for all procurement procedures that are not carried out through open tenders, except in very specific cases where disclosure may have adverse effects on the public interest and which are reserved by explicit mandate of the applicable laws.
Recommendation 9. Expand training to improve suppliers’ knowledge of the system’s processes and functionality

Box 3.10. Recommendation 9 for Mexico’s e-Procurement System, Subgroup on interaction with suppliers

Undertake efforts to improve and expand system training for suppliers to improve knowledge of the system’s processes and functionalities.

Source: (OECD, 2018).1)

Proposal for action

Given the diversity of stakeholders and their different needs, any user interface developed to enable access to data must be user-friendly, with training provided. In order to allow for a trustworthy e-Procurement tool for Mexico, with accurate, complete, and updated information for the complete procurement cycle, procurement practitioners should be trained on what is expected from them.

The process of anticipating and planning for the effects of a significant business change on policies, behaviour, systems and processes is known as “change management”. Following a significant change to the system, the number of user enquiries regarding how to use CompraNet is likely to increase significantly. Recommendation 16 touches on this issue and calls for the upgrade of help-desk services.

The plan to manage changes to the system should acknowledge the likelihood of a spike in user enquiries (i.e., given the requirement to upload new information in the system). If queries on the use of CompraNet increase, communicating with users both prior and post the changes will be key to the success of the improvements.

Since 2012, more than 18 300 suppliers have received face-to-face training, at an average of 2 600 per year. However, considering the total amount of suppliers registered in CompraNet (over 260 000 as of August 2018, with over 3 000 new users registered each month), the scope of training efforts could be expanded. Limited resources have not allowed increasing training sessions for suppliers, but the introduction of technology solutions (such as video conferences) could result in a viable solution for SFP. Some topics included are the legal system and new aspects of CompraNet aligned to changes. The use of online training, leveraging the networks of business chambers, and the efforts to raise awareness about CompraNet helped educate suppliers outside major urban centres.
Progress achieved

To implement recommendation 9, SFP continued its training programme with new materials on economic competition and regulations. Materials for the training sessions focus on the use of CompraNet and its modules, the regulatory scheme surrounding public procurement processes using federal funds (regulated by the LAASSP and LOPSRM), and principles on competition, and anti-collusion.

For the training sessions for suppliers, SFP developed an evaluation method consisting of a web-based exam delivered on-site. A major limitation of this evaluation method is the option for attending suppliers to not taking the test. In the case of the session provided in the state of Chihuahua, 33 of the 82 attendees (40%) answered the exam; for Mexico City’s session, 98 of 137 attendees (72%) took the test. If the test is not taken, then a proof point showing that the suppliers have attended and have some additional knowledge of how CompraNet works is missing.

The exam developed by SFP to measure attendees’ knowledge on CompraNet includes ten three-option multiple-answer questions. SFP could consider changing the focus of the evaluation mechanism passing from a specific-knowledge based test to a broader capacity evaluation. Testing suppliers on a simulated environment (i.e. through simulated practice scenarios) may represent a more accurate way to measure supplier’s capacity when dealing with the CompraNet interface.

SFP developed a series of training videos regarding different procurement processes and CompraNet use related themes. In total, eight videos were produced with a total view count of over 340 000 views since 2015 (when the last content update was made) and over 1 800 subscribers to CompraNet’s YouTube channel. Viewer count for CompraNet’s YouTube videos show a regular distribution as video views increase in time, ranging from between almost 600 views for the video on the search of contracting procedures (published in 2018), to more than 158 000 views for the online registry video (published...
in 2015). An additional Technical Guide for Suppliers on the use of CompraNet (*Guía técnica para licitantes sobre el uso y manejo de CompraNet*) was developed in a PDF format available for free download from the CompraNet website ([https://compranetinfo.funcionpublica.gob.mx/descargas/Licitantes.pdf](https://compranetinfo.funcionpublica.gob.mx/descargas/Licitantes.pdf)) (there is no information available on the number of downloads of the PDF document).

**Table 3.3. YouTube support material for the self-training on the use of CompraNet**

<table>
<thead>
<tr>
<th>Title</th>
<th>Description</th>
<th>Last year updated</th>
<th>Total views*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Online registry</td>
<td>Describes the steps to follow so that the physical/legal person (<em>persona física/moral</em>) of Mexican nationality can successfully register in CompraNet</td>
<td>2015</td>
<td>158 454</td>
</tr>
<tr>
<td>2. Work area</td>
<td>It explains the main screen to which the physical or legal person registered in CompraNet accesses with an account, as well as showing the different areas for specific activities</td>
<td>2016</td>
<td>20 934</td>
</tr>
<tr>
<td>3. Search for contracting procedures in CompraNet</td>
<td>It shows the steps to follow to search for a procurement procedure in CompraNet</td>
<td>2018</td>
<td>594</td>
</tr>
<tr>
<td>4. Express interest in a procurement procedure</td>
<td>Describes the steps to follow to search for and register for a procurement procedure published in CompraNet and participate electronically</td>
<td>2016</td>
<td>21 229</td>
</tr>
<tr>
<td>5. Sending questions for the clarification meetings</td>
<td>Sending of questions related to the contracting procedure, which are attended at the clarification meetings</td>
<td>2016</td>
<td>7 989</td>
</tr>
<tr>
<td>6. Sending and e-signing proposals</td>
<td>Procedure that describes the process of sending and signing proposals in CompraNet</td>
<td>2016</td>
<td>41 544</td>
</tr>
<tr>
<td>7. Consultation of published acts</td>
<td>Consultation of minutes related to the events of the procurement procedure</td>
<td>2016</td>
<td>6 368</td>
</tr>
<tr>
<td>8. JAVA upgrade demo</td>
<td>Installation and update of JAVA in Internet Explorer and Mozilla Firefox</td>
<td>2015</td>
<td>82 995</td>
</tr>
</tbody>
</table>

*Note: Total views updated up to 5 September 2018.*  
*Source: Ministry of Public Administration, material de apoyo disponible para la operación de CompraNet.*

For the implementation of recommendation 9 on expanding training for suppliers, SFP opted to continue its already ongoing face-to-face training and online self-training activities with updates to the syllabus. Further additions and modifications to these programmes should be expected as new developments are implemented to address the Roadmap of the *OECD Review*. Updates will be necessary as changes are implemented to CompraNet.

In the future, a focus on the implementation of the OCDS (*Open Contracting Data Standard*) for CompraNet could be consider as well, in preparation for a more generalised migration to an open data standard for public procurement and a fully transactional tool. Videos and other self-training materials could be developed to guide suppliers on the correct filling of the still-to-be-developed standardised procurement formats, contracts, and documentation.
**Recommendation 14. Procurement practitioner capabilities**

**Box 3.11. Recommendation 14 for Mexico’s e-Procurement System, Subgroup on competition and capacity building**

Develop training procedures to increase e-procurement capabilities of the Mexican federal procurement workforce.

*Source: (OECD, 2018[1]).*

**Proposal for action**

Training sessions are critical for developing workforce capabilities, as well as for the professionalisation of procurement practitioners. Effective implementation of procurement reforms (as those planned out in the Roadmap for the reform and expansion of CompraNet) and specific procurement practices (i.e. the adoption of a transactional system and an open data standard) requires a well-trained workforce. It not only promotes the effectiveness of the system, but also its integrity. The public procurement workforce is one of the key pillars for the success of a procurement system.

**Box 3.12. OECD’s Recommendation of the Council on Public Procurement – principle on capacity**

IX. RECOMMENDS that Adherents develop a procurement workforce with the capacity to continually deliver value for money efficiently and effectively.

To this end, Adherents should:

i) ensure that procurement officials meet high professional standards for knowledge, practical implementation and integrity by providing a dedicated and regularly updated set of tools, for example, sufficient staff in terms of numbers and skills, recognition of public procurement as a specific profession, certification and regular trainings, integrity standards for public procurement officials and the existence of a unit or team analysing public procurement information and monitoring the performance of the public procurement system.

ii) provide attractive, competitive and merit-based career options for procurement officials, through the provision of clear means of advancement, protection from political interference in the procurement process and the promotion of national and international good practices in career development to enhance the performance of the procurement workforce.

iii) promote collaborative approaches with knowledge centres such as universities, think tanks or policy centres, to improve skills and competences of the procurement workforce. The expertise and pedagogical experience of knowledge centres should be enlisted as a valuable means of expanding procurement knowledge and upholding a two-way channel between theory and practice, capable of boosting application of innovation to public procurement systems.

*Source: (OECD, 2015[2]).*
For procurement practitioners (as well as for suppliers) now using CompraNet, SFP developed face-to-face training programmes, as well as online courses for self-training. Around 10 800 procurement officials had face-to-face training in the use of CompraNet between 2011 and 2018. However, information gathered during the OECD fact-finding mission suggests that many enquiries to CompraNet’s help desk reveal a lack of knowledge of the system’s processes and norms. Improving and expanding ongoing system training opportunities for procurement officials is expected to reduce the reliance on the help desk for support on processes and norms. It will also help to ensure that the help desk is being used as an effective tool for more specific questions on how CompraNet works. Indeed, building the capacity of the procurement workforce sustainably should be an ongoing effort.

**Figure 3.4. Face-to-face training for procurement practitioners, per year (attendees / training sessions)**

*Note: Data for 2018 reflects training attendees and sessions registered until 31 July 2018. No information was provided regarding the number of training sessions for 2011-2013. Source: Ministry of Public Administration, *Numeralia desempeño CompraNet 5.0*, August 2018.*

**Progress achieved**

To address OECD’s recommendation on fostering procurement practitioner’s capacities for the proper and efficient use of the CompraNet tool, the Ministry of Public Administration developed a specialised workshop for procurement officials (*Taller especializado para profesionales en contratación pública de la administración pública federal*). The workshop is intended for procurement practitioners from the health, public procurement, and public works sectors, and consists of five modules divided in a four-day workshop (with weekly sessions every Tuesday for four weeks). In order to pass the workshop, each attendant must answer a compulsory on-line test per each module. Attendees have one week to answer their exam and must obtain a minimum passing grade of 8/10. To further assess the workshops’ effectiveness, SFP could gather information, for example, regarding the number of queries made to the help-desk by practitioners who took the workshop versus practitioners who did not. As previously set out in regard to
recommendation 9, preparing users for changes to the system should be reflected in the plans for future training.

Table 3.4. Specialised workshop for procurement officials, attendees

<table>
<thead>
<tr>
<th>Workshop</th>
<th>Participating institutions</th>
</tr>
</thead>
</table>
| Attendees: Health Sector | • National Commission for Social Protection on Health (Comisión Nacional de Protección Social en Salud)  
• Institute of Social Security and Social Services for Public Officials (Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado)  
• Mexican Social Security Institute (Instituto Mexicano del Seguro Social)  
• Ministry of Health |
| Attendees: Procurement Sector (institutions intensive in the purchase of goods and services) | • International Airport of Mexico City (Aeropuerto Internacional de la Ciudad de México, S.A. de C.V.)  
• Airport and Auxiliary Services (Aeropuertos y Servicios Auxiliares)  
• National Water Commission (Comisión Nacional del Agua)  
• Diconsa, S.A. de C.V.  
• Mexico City Airport Group (Grupo Aeroportuario de la Ciudad de México, S.A. de C.V.)  
• Social Security Institute for the Mexican Armed Forces (Instituto de Seguridad Social para las Fuerzas Armadas Mexicanas)  
• Mexican Social Security Institute (Instituto Mexicano del Seguro Social)  
• Ministry of Communications and Transport  
• Ministry of Finance |
| Attendees: Public Works Sector (Intensive institutions in public works contracting) | • International Airport of Mexico City (Aeropuerto Internacional de la Ciudad de México, S.A. de C.V.)  
• Airport and Auxiliary Services (Aeropuertos y Servicios Auxiliares)  
• National Water Commission (Comisión Nacional del Agua)  
• Mexican Social Security Institute (Instituto Mexicano del Seguro Social)  
• Ministry of Public Administration  
• Ministry of the Marine |

Source: Ministry of Public Administration, Taller especializado para profesionales en contrataciones públicas de la administración pública federal.

Table 3.5. Specialised workshop for procurement officials, syllabus

<table>
<thead>
<tr>
<th>Module</th>
<th>Regulations on Public Procurement (Normative Unit for Public Procurement, UNCP-SFP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Module 2</td>
<td>Impact of the activities developed by public procurement practitioners (Public Procurement Policy Unit, UPCP-SFP)</td>
</tr>
<tr>
<td>Module 3</td>
<td>Principles and fundamentals for the optimal operation of CompraNet (UPCP-SFP)</td>
</tr>
<tr>
<td>Module 4</td>
<td>Ethics and integrity as a framework for the performance of public procurement practitioners (Ethics, Public Integrity, and Conflicts of Interest Prevention Unit, UEPPCI-SFP)</td>
</tr>
<tr>
<td>Module 5</td>
<td>Recommendations to promote competition and free concurrence in public procurement (Federal Commission on Economic Competition, COFECE)</td>
</tr>
</tbody>
</table>

Source: Ministry of Public Administration, Taller especializado para profesionales en contrataciones públicas de la administración pública federal.

In order to build on these efforts and further implement the recommendation on fostering procurement practitioner’s capabilities, SFP could designate a unit or team to analyse and address the capacity development needs of the public procurement workforce (i.e., a joint
3. CREATING A USER-FRIENDLY TOOL THAT PROMOTES EFFICIENCY…

group between UPCP and the Human Resources Policy Unit). This team could be in charge of:

- identifying current training needs and weaknesses of the public procurement workforce,
- undertaking evaluations that identify bottlenecks, skills, knowledge, structures, ways of working of specific staff categories and in specific geographic locations,
- developing guidelines for the procurement of training for civil servants, in particular procurement officials,
- developing and implementing specific training programmes for the public procurement workforce or partnering with universities or think tanks for this purpose.

Additionally, SFP could keep developing and implementing procurement training. Keeping training efforts is critical for the development of procurement practitioners’ capabilities. For this task, the Ministry of Public Administration could consider designing training curricula that cover the specific needs of the public procurement entities and suppliers and that take into account the multi-disciplinary nature of the public procurement function. Trainings can be done online or in-person, or both.

Additional benefits could be achieved by implementing sufficient formal and on-the-job training programmes, and improving accessibility to training opportunities by i) advertising training opportunities and ensuring that training offers are reaching public procurement officials all over the country, ii) financing or co-financing training for procurement officials, and iii) making use of learning methods such as e-learning, mobile-learning, or blended-learning (a mix of face-to-face and e-learning). Other activities could be implemented such as certifying training institutions and trainers to ensure the quality of public procurement training and adjusting the training programme based on feedback from the public procurement entities.

**Recommendation 16. Support services for system users**

**Box 3.13. Recommendation 16 for Mexico’s e-Procurement System, Subgroup on competition and capacity building**

Provide users of the platform support to maximise the benefits of the system through training and guidance (supported by the help desk services), including promoting use of help desk services to those not currently engaging with the service.

*Source:* (OECD, 2018[1]).

**Proposal for action**

The OECD’s Recommendation of the Council on Public Procurement suggest building a support service system geared towards the use of efficient and effective procurement processes and reducing administrative red tape and costs. This involves providing support to users of the platform, to maximise the benefits of the system’s functionality. Training
and guidance, supported by a fit-for-purpose help desk service that responds to both buyers and suppliers will improve users’ interaction with the system.

The need to support users to make the most of technology developments in procurement is not limited to Mexico. According to the OECD survey on public procurement, 40% of countries reported low levels of knowledge and skills in the use of ICT (OECD, 2016[15]). This is seen by OECD countries as the second most significant barrier to the effective use of e-procurement systems by contracting authorities.

Before August 2018, CompraNet was supported by an eleven-person in-house help desk team (including one supervisor) to deal with phone, email-based, and in-person enquiries and problems (on average, each team member processed 440 queries per month). Additionally, CompraNet’s help desk is supplemented by self-service resources such as user guides (i.e., https://compranetinfo.funcionpublica.gob.mx/descargas/Licitantes.pdf), videos (https://www.youtube.com/user/CompraNetMX), and manuals (i.e., https://upcp.funcionpublica.gob.mx/descargas/Manual_CompraNet rc.pdf). In Colombia, the Colombia Compra Eficiente help desk is staffed by a team of 30, made up of two supervisors, one quality assurance role, one trainer and 26 agents, each of which processes an average of 940 queries per month (OECD, 2018[1]). Likewise, Colombia Compra Eficiente is supported by additional self-service materials.

CompraNet’s help desk service responds to enquiries about procurement processes, but not about procurement policy and legislation. On average since 2010, CompraNet’s telephonic help desk (staffed by a group of four, plus one supervisor) has received 3 000 user enquiries each month, 70% of which are processed, while 30% remain unresolved (all e-mail and in-person based enquiries are processed). The size of the help desk phone service team may influence its capacity to address all enquiries.

The total number of user enquiries in Mexico is low compared to other OECD countries. In Colombia, enquiries are eight times greater than the number in Mexico; in Chile, inquiries are seven times higher than the ones reported for CompraNet. These examples suggest the need for SFP to review the reasons behind why users do not engage with the help desk service at the rate they do in other countries. Reasons for the level of engagement with CompraNet’s help desk could include a lack of awareness of the existence of support services, the perceived quality of the service provided, or simply because CompraNet is perceived as a user-friendly tool. Anyhow, data should be gathered to allow for evidence-based decisions. Further inquiries to help desk service users (and non-users) can clarify this situation from the users’ perspective.

Progress achieved

To address these considerations on training, guidance and expansion of the support service desk of the CompraNet tool, the Ministry of Public Administration (1) updated the frequently asked questions section in CompraNet and (2) expanded human resources for the phone service desk from four to six-person and included user satisfaction surveys.

Additionally, the frequently asked questions (FAQs) section in CompraNet – which was already set in place before the publishing of the OECD Review – can be accessed directly from CompraNet’s home page and includes four different sections addressed to the different kinds of user: bidders and businesses, purchasing units, supervisors, and general public. Each of these four sections includes a different number of FAQs (ranging from five to twenty-one FAQs per section) and all answers included are phrased in a concise, one-paragraph style, to ease understanding by inquiring users. Some FAQ answers
include electronic links to additional information regarding the inquiry and for some sections email accounts are provided for users to follow-up on their inquiries. Modifications to the FAQs section of CompraNet were of minimum technical or technological impact as the questions were updated and the access point to the FAQs section was relocated to appear in the home page of the CompraNet’s website.

For the FAQs section update, SFP applied a frequency analysis to all questions and inquiries received by the service desk through its three different user service modalities (phone, email and in-person). SFP carried out this analysis through the systematisation of all inquiries received by users; this was possible through the use of a log to keep track of all questions asked to the help desk. As a result of this analysis, the most frequently asked questions during the period October 2017 – July 2018 were selected to update the FAQs section. In total 72 000 enquiry registries were considered for the frequency analysis (55 500 emails, 16 500 phone calls, and 280 in-person inquiries). The process followed by SFP for the update of the FAQs section was as follows:

- identification of sources of information
- consolidation and quantification of inquiries
- classification of inquiries by user type
- classification of inquiries by subject
- identification of the frequency of inquiries
- identification of recurring themes
- elaboration of answers to frequently asked questions by type of user and topic
- diffusion of the FAQ section

During 2017, approximately 21 500 phone calls were received and processed by the helpdesk service team; while nearly 4 400 phone calls remained unresolved. Expectations are that the number of unresolved phone calls will drop for 2018 and subsequent years with the help desk team’s expansion (although with no clear goal regarding how many unresolved calls can be expected in the future). It is worth mentioning that during 2017 SFP gave answer to all enquiries received via email (33 242 emails were received in total). Finally, the implementation of user-satisfaction surveys is now in place for helpdesk service users.

SFP also developed a new three-layer scheme for solving user enquiries from 1 October 2018. This three-layer scheme aims to group user enquiries by their levels of priority (normal, urgent, and critical) and impact (low, medium, and high).
Table 3.6. Help-desk service levels

New classification scheme and attention to enquiries made by users of CompraNet, from 1 October 2018 onwards

<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
<th>Priority</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Generic</td>
<td>The technical assistant provides general information on the operation of CompraNet and its component modules</td>
<td>Normal</td>
<td>Low</td>
</tr>
<tr>
<td>2. Specific</td>
<td>The specialist follows unfinished consultations at the first level (generic) either online or in a controlled environment, due to the complexity of the consultation or the need to use monitoring tools. These consultations are considered of an urgent nature.</td>
<td>Urgent</td>
<td>Medium</td>
</tr>
<tr>
<td>3. Managerial</td>
<td>Those responsible for the services or modules of CompraNet, at the user's request, give specific attention due to the complexity of the subject, time constraints, or the need to use or consult specific tools. These consultations are considered critical.</td>
<td>Critical</td>
<td>High</td>
</tr>
</tbody>
</table>

Source: Ministry of Public Administration.

To further improve the help desk there may be a need to increase the resources on the help desk area. Campaigns promoting the use of help services may increase user engagement with these services. Efforts can be made to promote the use of the help desk by those CompraNet users not currently engaging with this help service.

Notes


2 Of the 5,416 buying units registered in CompraNet as of August 2017, 1,968 are part of the federal government, 1,183 of state governments, and 2,265 of municipal governments.

3 According to the Inventory produced by SFP.

4 As per Article 22, Section II, these functions may also be performed directly by the head of the agency or entity, or the public servant to whom such function is delegated. In no case may the delegation fall on a public official with a level lower than that of general manager (director general) in the agencies or its equivalent in the entities (DOF, 2014[18]).

5 Columbia is currently migrating from the e-procurement tool SICOP I system to the SICOP II system.

6 The FAQs section in CompraNet can be accessed directly from the website’s homepage under the “Preguntas Frecuentes” section, https://compranet.funcionpublica.gob.mx/web/login.html.
Chapter 4. Setting up mechanisms for the efficient use of CompraNet with a focus on integrity

To achieve an efficient e-Procurement tool, CompraNet will need to incorporate all steps of the procurement lifecycle. Once this is achieved, there should be measureable improvements in value for money. It would also enable the use of collaborative procurement tools and strategies such as centralised purchasing, framework agreements, dynamic purchasing or joint procurement. Such collaborative initiatives would foster complete, reliable and updated information that could be used for the development of accurate market research and annual plans, as well as audit programmes. These initiatives would encourage efficiency in procurement processes.

This chapter considers recommendations on fostering efficiency and integrity in the use of CompraNet (see Table 4.1). By developing a monitoring and control approach (recommendation 21), compliance with procurement regulations could be advanced. Ensuring overall adherence to legislation by procurement practitioners means that resources allocated to audit tasks can be better employed (recommendation 22), allowing for targeted audit investigations. Such investigations can also be implemented considering risk maps and risk management strategies to focus on those procurement processes and stages more susceptible to integrity breaches (recommendation 23). Finally, mechanisms to promote and facilitate acts of whistle-blowing would help audit bodies to identify risk areas in buying units and the public administration in general, as well as for acts of corruption by private agents (recommendation 28).

Table 4.1. Short-term recommendations for efficiency and integrity

<table>
<thead>
<tr>
<th>ID</th>
<th>Title</th>
<th>Recommendation (Objective)</th>
<th>Vision statement alignment (total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>Development of monitoring and control approach</td>
<td>Development of monitoring and control approach to verify that users are using the system correctly</td>
<td>Transparent, trustworthy, instrumental for users, accountable, exemplary (5)</td>
</tr>
<tr>
<td>22</td>
<td>Ensure overall adherence to legislation</td>
<td>An initiative to encourage the consistent, systematised and transparent adherence to procurement legislation, such as in the selection of procurement procedures and use of tender exceptions. SFP should include the updating of the current CompraNet guidelines to address changes made as a result of this review</td>
<td>Transactional, transparent, trustworthy, accountable, exemplary (5)</td>
</tr>
<tr>
<td>23</td>
<td>Targeted audit investigations</td>
<td>Design data standards to allow audit authorities to conduct targeted, as opposed to random, audit investigations</td>
<td>Transparent, trustworthy, instrumental for users, accountable, exemplary (5)</td>
</tr>
<tr>
<td>28</td>
<td>Promotion of whistle-blowing</td>
<td>Set up mechanisms to facilitate acts of whistle-blowing</td>
<td>Trustworthy, interconnected, instrumental for users, accountable, exemplary (5)</td>
</tr>
</tbody>
</table>

Source: (OECD, 2018[1]).
Recommendation 21. Development of monitoring and control approach

Box 4.1. Recommendation 21 for Mexico’s e-Procurement System, Subgroup on efficiency and effectiveness

Development of monitoring and control approach to verify that users are using the system correctly.

Source: (OECD, 2018[1]).

Proposal for action

With the inclusion of all procurement processes in the public e-Procurement tool, audit, monitoring, and control bodies (such as the Superior Audit Body (ASF) or OICs) may have better access to complete, reliable, and updated data. Such data should be loaded into the CompraNet system and CompraNet should be the main access point for the upload of information about government procurement processes (in line with the vision statement principle on transparency). With complete data to use for control and audit, it may be possible to verify more easily that users are managing the system correctly.

Ensuring that the data in CompraNet is complete and consistent would make auditing easier. By introducing controls to reduce human error in the upload of information and setting a design for CompraNet for procurement practitioners to comply with laws such as LAASSP, LOPSRM, the General Law on Transparency, the Federal Law on Economic Competition (Ley Federal de Competencia Económica), the General Administrative Liability Act (Ley General de Responsabilidades Administrativas), the General Law on Archives (Ley General de Archivos), and international agreements and treaties, among other applicable regulations, whether national or international, CompraNet can provide complete and reliable data for audits (see Box 2.3 for an example of how Mexico’s Revenue Agency implemented a fully transactional e-Accounting system that supports audits to taxpayers).

As discussed in the OECD Review, there is room for improvement in the type and extent of information loaded in the system and the way in which the information is captured have room for improvement. For example, having complete data for all steps of the procurement cycle is hampered by the lack of integration between CompraNet and other systems. Information does not automatically flow either horizontally (to other central government systems, such as federal financing and budgeting systems) or vertically (to finance and contract management systems of contracting authorities). This entails double-handling of information by finance and procurement practitioners. Many procurement processes are not yet digitised, and activities and documents outside the system must be uploaded to ensure that records are complete.

This not only reduces efficiency and increases administrative work, but also makes it difficult to use the information in a meaningful way for audit purposes. Documents are typically uploaded as scanned PDFs from which the CompraNet system cannot extract any data. Transparency may be achieved at a micro level (i.e. where information is sought on individual procurement exercises), but not at a macro-level, in a way that would allow information to be used to manage risks, identify trends or increase accountability in public procurement for compliance monitoring.
Progress achieved

To address recommendation 21 (Development of monitoring and control approach) SFP developed the "Co-ordinated Strategy between the General Coordination of Oversight and Control Bodies and the Public Contracting Policy Unit for internal control bodies to promote and verify the proper use of CompraNet" (Estrategia Coordinada entre la Coordinación General de Órganos de Vigilancia y Control y la Unidad de Política de Contrataciones Públicas para que los órganos internos de control promuevan y verifiquen el uso adecuado de CompraNet). The content and scope of this strategy (see Table 2.6) in Chapter 2) considers eight lines of action and multiple activities to promote them. See recommendation 30 (Chapter 2), where the content and scope of this strategy is developed.

Recommendation 22. Ensuring overall adherence to legislation

<table>
<thead>
<tr>
<th>Box 4.2. Recommendation 22 for Mexico’s e-Procurement System, Subgroup on efficiency and effectiveness</th>
</tr>
</thead>
</table>
| An initiative to encourage the consistent, systematised and transparent adherence to procurement legislation, such as in the selection of procurement procedures and use of tender exceptions. SFP should include the updating of the current CompraNet guidelines to address changes made as a result of this review.  
  Source: (OECD, 2018[1]). |

Proposal for action

CompraNet faces challenges regarding overall adherence to legislation by procurement practitioners. The barriers to the efficient and correct use of CompraNet can be reduced consistent with the vision statement principle calling for a fully transactional e-Procurement tool. Establishing a system design that ensures that use of CompraNet is compulsory and easy to manage will promote efficiencies in the use of the tool.

The following areas have been identified as needing review in CompraNet guidelines (i.e. guidelines resulting from the LAASSP and LOPSRM):

- procurement practitioners do not always comply with procurement guidelines, and do not always upload the required information;
- exceptions to public tenders may not be consistently applied; and
- the format of tender documents varies widely, and contract terms, general specifications, and reporting requirements are not harmonised between procurement processes.

In addition, SFP could develop guidelines or manuals to implement the ministerial agreement (Acuerdo por el que se establece la obligación de incorporar a CompraNet, la información relativa a la planeación de las contrataciones y la ejecución de contratos) to include the pre-tendering and contract management phases in CompraNet (see recommendation 31). Including these phases will also require SFP to update its manuals
for the LAASSP and LOPSRM. Overall, SFP could also update such manuals following the changes implemented for CompraNet, i.e., to include the mandatory upload of information, regulate the adoption of standardised formats, or implement the use of data fields in line with OCDS requirements.

**Progress achieved**

In order to address these areas of improvement regarding regulatory compliance related to CompraNet and to the public procurement system in general, the Ministry of Public Administration implemented several actions. The actions cover recommendations 2 (data management strategy), 14 (procurement practitioner capabilities), 15 (identify required legal reforms), 30 (ensure adherence to document upload processes), and 31 (complete and reliable data).

SFP implemented two actions for ensuring overall regulatory compliance. Firstly the adoption of the OCDS and the development of the Contrataciones Abiertas website, and secondly the development of the application programming interface (API) for the interconnection of the CompraNet database with those of accounting and budgeting (SICOP) and investment programmes and budgets (MIPPI) of the Ministry of Finance. These actions will support implementation of an information and data management strategy. Ensuring full capture of public procurement data is key to the success of the actions and would be supported by a legal and regulatory framework requiring public procuring entities the compulsory upload of documents and data on CompraNet.

The OECD fact-finding mission identified that procurement practitioners sometimes do not comply with procurement guidelines. This situation could be explained either because of lack of capacity in working with CompraNet, by insufficient procurement capacity in general, or by lack of incentives for procurement practitioners to comply with regulations (i.e., sanctions not being systematically applied). It is important to understand why compliance is such a problem.

Overall, current guidelines for the use of CompraNet are not outdated, just not always constantly observed. This may mean that procurement practitioners could require additional support and guidance to execute their roles effectively. SFP has developed a co-ordinated strategy for control bodies and expanded training programmes to further develop procurement practitioners’ capacities.

A control panel developed by SFP (tablero de control, see recommendation 31) supports the strategy laid out for recommendation 30 by allowing Internal Control Bodies (OICs) to report on red flags (sistema de alertas) identified by the CompraNet system regarding the upload of complete information. As required legal reforms are made then a process for keeping the guidelines updated will be needed.

To further implement actions to ensure overall adherence to legislation, SFP can develop a survey for procurement practitioners to provide their views on the use of CompraNet and for SFP to identify areas of opportunity to advance adherence to legislation. This survey’s results could also be used as an input to develop a more user-friendly system that makes compliance easier.
4. SETTING UP MECHANISMS FOR THE EFFICIENT USE OF COMPRANET…

Table 4.2. Actions implemented by SFP to ensure overall adherence to legislation

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Objective / Goal</th>
<th>Action implemented</th>
<th>How it relates with overall adherence to legislation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Data management strategy</td>
<td>Complete, reliable information (publication of information)</td>
<td>• Contrataciones Abiertas website • API CompraNet-SHCP</td>
<td>Recommendation 2 aims to achieve the disclosure of complete and reliable information on CompraNet following the legal framework regulating CompraNet, public procurement, and overall government transparency obligations</td>
</tr>
<tr>
<td>14. Procurement practitioner capabilities</td>
<td>Develop procurement practitioners’ capabilities</td>
<td>Training programme on CompraNet’s use and regulations</td>
<td>Recommendation 14 aims to develop public procurement practitioners’ capacities both to improve their interaction with the CompraNet tool, and by developing practitioner’s knowledge and understanding of legislation regulating public procurement and the use of CompraNet</td>
</tr>
<tr>
<td>15. Identify required legal reforms</td>
<td>Clear regulatory framework</td>
<td>Identify required legal reforms</td>
<td>Recommendation 15 aims to develop a comprehensive, well-defined (as opposed to open for interpretation and areas of discretionary decision-making), and up-to-date regulatory framework for the use of CompraNet</td>
</tr>
<tr>
<td>30. Ensure adherence to document upload processes</td>
<td>Complete, reliable information (compulsory approach)</td>
<td>Co-ordinated strategy for Internal Control Bodies</td>
<td>Recommendation 30 aims to assure that procurement practitioners will comply with procurement guidelines and will always upload required information. It considers the support from Internal Control Bodies for implementing a compulsory approach.</td>
</tr>
<tr>
<td>31. Complete and reliable data</td>
<td>Red-flag system for the identification of missing or unreliable information</td>
<td>Control panel to further implement a red-flag system</td>
<td>Recommendation 31 aims to develop a red-flag system to identify those procurement processes that fail to observe overall adherence to procurement legislation</td>
</tr>
</tbody>
</table>

Source: Produced by the OECD with information provided by the Ministry of Public Administration.

Recommendation 23. Targeted audit investigations

Box 4.3. Recommendation 23 for Mexico’s e-Procurement System, Subgroup on efficiency and effectiveness

Design data standards to allow audit authorities to conduct targeted, as opposed to random, audit investigations.

Source: (OECD, 2018[1]).

Proposal for action

Adopting a methodology for managing risk in CompraNet is fundamental for guaranteeing compliance with procurement and administrative liability regulations, among others related to the use of CompraNet. CompraNet could contribute data and evidence to support review and evaluation mechanisms performed by different authorities. By generating valuable information for stakeholders, CompraNet could support audit and control tasks. With the development of the right statistics and indicators and with the adoption of data analysis mechanisms for the identification of trends in areas
such as the use of the public procurement tool, CompraNet would favour the implementation of targeted investigations (for an example of a transactional system allowing for targeted audit investigations see Box 2.3). Targeted audit investigations results are even more relevant as Internal Control Bodies (OIC) open, on average, more than 25 000 cases per year against public officials in general, and not only for activities related to public procurement processes (see Figure 4.1). Targeted audits can help OICs (and other audit institutions working with data on CompraNet) focus their efforts and allow for greater efficiency in use of resources compared to results obtained.

Figure 4.1. Total number of complaints received by the Internal Control Bodies

Total number of complaints against public officials of the federal civil service

Note: (*) Data for 2018 is updated up to 30 June 2018.
Source: Ministry of Public Administration.

A solid internal control and risk management framework is the cornerstone of an organisation’s defence against inefficiency, low value for money in the use of public funds, integrity risks, and key in achieving good governance (OECD, 2018[3]).

With targeted audit investigations, audit entities can provide verification of the efficiency, economy and effectiveness of public resource management and their audit findings can serve as a valuable evidence base for government accountability and as an input to decision-making processes (OECD, 2018[3]). While undergoing targeted audit efforts, SFP could go beyond the legalistic administrative tradition (ensuring compliance with existing rules and procedures and detecting wrongdoing), and provide assurance over the achievement of procurement objectives (focusing on results). This means going beyond oversight to include insights and foresight when auditing.

Progress achieved

To address the implementation of recommendation 23, SFP adopted the same focus as for recommendation 22 and implemented several actions which can be consulted in this report’s sections for recommendations 2 (data management strategy), 14 (procurement practitioner capabilities), 15 (identify required legal reforms), 30 (ensure adherence to document upload processes), and 31 (complete and reliable data). This means that SFP focused its work on promoting the provision of information to audit bodies for carrying out targeted audits. Providing full and better-quality information is a valuable input for enabling audits to be targeted and risk-based.
The Co-ordinated Strategy for ICBs includes the following activities focused on generating complete and reliable data for oversight bodies: (1) SFP will share the indicators on the use of CompraNet with the CGOVC so that the latter, in turn, identifies which of these indicators may be useful for public commissaries and delegates (DCs); (2) user accounts with supervisor profile were updated to eliminate accounts no longer in use or assigned to users who do not cover the supervisor profile; (3) quarterly information talks were established with DCs and ICBs, by sector, on issues related to supervision and control; (4) DCs were urged to promote the appropriate use of CompraNet in the institutional committees they attend; and (5) the ICB’s annual work plans were modified to include strategies to verify the appropriate use of CompraNet.

It is still early to get results from the Co-ordinated Strategy, but it will be important for SFP to periodically review results and adjust accordingly. Actions to develop risk maps, identify buying units subject to major integrity risks due to internal or external factors or political or economic pressures, interconnection of databases (i.e., with the database on sanctioned suppliers), among others, are all elements that could be further developed by SFP. In addition, SFP could benefit from SAT’s experience in using data to develop targeted—and automatic—audit investigations and apply this knowledge for CompraNet.

Recommendation 28. Promotion of whistle-blowing

**Box 4.4. Recommendation 28 for Mexico’s e-Procurement System, Subgroup on prosecution of complaints**

Set up mechanisms to facilitate acts of whistle-blowing.

*Source:* (OECD, 2018[1]).

**Proposal for action**

According to the survey applied to suppliers during the *OECD Review*, currently CompraNet users do not use nor trust the effectiveness of the Complaints System (*Sistema Integral de Denuncias Ciudadanas*, SIDEC) managed by SFP (OECD, 2018[1]) (see Figure 4.2). The general impression regarding SIDEC is that the process is too complicated and answers to complaints are not guaranteed, which has resulted in only 3% of suppliers having filed a complaint using SIDEC (*survey to suppliers, (OECD, 2018[1])*, and—according to SFP—only 2% of all complaints made through SIDEC relate to public procurement processes.
Fostering integrity and preventing corruption are essential to promoting good governance, maintaining public confidence in government and public decision-making, and supporting wellbeing and prosperity. Ensuring transparent transactions and a transparent business environment in the private and public sectors is an important component of a country’s overall anti-corruption strategy. Effective mechanisms to disclose wrongdoing without fear of reprisal are at the heart of integrity in both business and government. If integrity is upheld at the core of an organisation’s inner workings, and if concerns are discussed freely and there is no fear of retaliation, then silence in the face of wrongdoing and adversity will no longer be the usual practice (OECD, 2016[20]). Complaint mechanisms need to be clearly defined and enable the filing of complaints, otherwise complainants may be suspicious of the system, feel uncomfortable or not pursue the complaint (OECD, 2009[21]).

Often, governments establish one or more channels through which protected disclosures can be made. These generally include internal disclosures (i.e. to management), external disclosures to a designated body (i.e. the Internal Control Bodies, COFECE, or the Superior Audit Body), and external disclosures to the public or to the media. Individuals who decide to report should have the option of submitting their disclosure to an external body, if upon disclosing internally they were not provided with an adequate response within a reasonable timeframe, or if appropriate action was not taken. In addition, potential whistle-blowers should have direct access to external reviewing agencies, allowing them to skip the internal element of the disclosure process, if they fear and have reason to believe that they would be reprimanded by their organisation’s internal mechanism, that their anonymity/confidentiality cannot be guaranteed, or that the misconduct would be covered up.
The Office of the Inspector General (OIG) from the State of New York, United States has developed mechanisms for the online disclosure of wrongdoings in the use of public funds, with the objective to guarantee integrity in public administration (see Box 4.5).

**Box 4.5. Online complaint form, New York State, Office of the Inspector General**

The Inspector General’s Office is entrusted with the responsibility of ensuring that the state government, its employees and those who work with the state meet the highest standards of honesty, accountability, and efficiency.

It created an online complaint form to report allegations of misconduct in the state government. The complaint form is designed to have as much information as possible on:

- Who is engaging in misconduct?
- Which state agency is involved?
- What wrongdoing occurred?
- When did it happen?
- Are there witnesses to the misconduct that we can contact?
- What laws or agency regulations have been violated?

The form also asks for information about the person filing the complaint, but he/she can request confidentiality. In addition, also such person can provide information about the documents in his/her possession that relate to the complaint. The form is available in other six languages including French, Spanish, Chinese and Russian.

*Source:* (OECD, 2016[9]).

The **OECD Recommendation of the Council on Public Procurement** (OECD, 2015[2]) establishes that adherents should handle complaints in a fair, timely and transparent way through the establishment of effective courses of action for challenging procurement decisions to correct defects, prevent wrong-doing and build confidence of bidders, including foreign competitors, in the integrity and fairness of the public procurement system. Complaints could focus on allowing decisions to be challenged with regard to:

- infringements of public procurement rules
- public procurement procedures
- contract award decisions
- the interpretation of contract clauses in the management of the contract

According to information provided by SFP, complaints on public officials focus on five main areas: non-compliance with laws, regulations and other regulatory provisions (49%), non-compliance with the fulfilment of obligations (12%), conflict of interest (7%), abuse of authority (6%), and failing to comply with the functions, duties and commissions entrusted to them (4%). For the total number of complaints received by the Internal Control Bodies see Figure 4.1 above (recommendation 23).
Progress achieved

The Ministry of Public Administration designed a new mechanism for the submission of complaints related with public procurement procedures. The mechanism was implemented in September 2018. It consists of a standardised format for the online submission of complaints. The format is accessible directly from the CompraNet website and some basic information (i.e. file code, contract code, amount of the contract, among others) is automatically completed by the system. The complaint form asks for as much information as possible on the following areas:

- Who is engaging in misconduct?
- Which agency is involved?
- What wrongdoing occurred?
- When did it happen (date and, if possible, hour)?
- Are there witnesses to the misconduct?
- Did the misconduct involved the solicitation of any kind of bribery?
- Are there any documented evidences that can be shared?

The format allows for the anonymity/confidentiality of whistle-blowers, and asks whistle-blowers if they consider necessary the implementation of witness protection mechanisms. If whistle-blowers decide to make a non-anonymous complaint, information such as gender, scholarship, and occupation will be requested. For all cases, both anonymous and non-anonymous complaints, contact information is requested from the whistle-blower to allow for follow-up of the complaint (the contact information requested is either a phone number, an email account, or both). A file number and password to allow for the follow-up of complaints is then shared with the whistle-blower. It is worth mentioning that all information related to complaints is safeguarded by SFP and all data is encrypted.

The complaint forms are accessed directly from the CompraNet’s working interface (mesa de trabajo) for businesses or for procurement practitioners. Even though the format is accessed from the CompraNet website, the information is uploaded into the SIDEC system (Sistema Integral de Denuncias Ciudadanas) which is owned by SFP for the presentation of complaints and interconnected with CompraNet for complaints regarding public procurement processes.

To further implement recommendation 28, and as outlined in the OECD toolbox to support the implementation of the Recommendations of the Council on Public Procurement, CompraNet could (OECD, 2016[9]):

- allow for the presentation of complaints in other languages to allow foreign bidders to benefit from the complaints mechanisms. As most foreign bidders are located in the United States, CompraNet could consider developing some relevant content in English;
- publish statistics on the number of challenges/complaints filed through the new SIDEC module for public procurement processes and the type and number of sanctions being imposed each year; and
- publish final decisions on complaints on the centralised government online portal (i.e. Contrataciones Abiertas or directly in CompraNet) within specified timelines and as stipulated in the legal and regulatory framework.
Chapter 5. Preliminary actions for the implementation of medium term recommendations

5.1. Moving forward towards a fully transactional e-Procurement tool

The second phase of implementation of the Roadmap recommendations covers the three-year period from the end of Phase 1 up to 2021 and will involve the transition to an open data system, changing the way in which data is entered. The goal is to safeguard the integrity of the information and allow stakeholders to use data easily (OECD, 2018[1]). So far, Mexico has undergone a stepped implementation of OCDS for public procurement, and a pilot project was carried out by Mexico’s National Digital Strategy Co-ordination Office (Coordinación de la Estrategia Digital Nacional, CEDN) to introduce block-chain functionalities to public procurement processes. These are examples of actions SFP could further explore and implement to achieve a fully transactional e-Procurement tool. Also, for Phase 2 of implementation, SFP could share experiences with Mexico’s Revenue Agency (SAT) regarding the implementation of a fully transactional e-system.

SFP is progressing the current roadmap long-term goals through some initiatives. The vision statement principles call for an interconnected system which will be addressed as a long-term goal as set out in the OECD Review. Progress has been made. The SFP developed an Application Programming Interface (API) to interconnect CompraNet’s data bases with those of the Ministry of Finance (Secretaría de Hacienda y Crédito Público, SHCP), namely with the accounting and budgeting system (Sistema de Contabilidad y Presupuesto, SICOP) and the module of investment programmes and budgets (Módulo integral de programas y presupuestos de inversión, MIPPI), following the OCDS standard. Additionally, a Contrataciones Abiertas website (www.gob.mx/contratacionesabiertas) was launched for the public to access information on public procurement processes.

The API and the website, running under beta versions, group in a single site information available under the OCDS standard (both by SHCP and by CompraNet) on public procurement processes. The adoption of the OCDS directly impacts the work done in CompraNet and facilitates the structured publication of data from all phases of the public procurement process: planning, tendering, awarding, contracting, and implementation.

The interconnection of e-government systems may mean that additional information is available to users of the API and to the website, such as the physical progress of public works. Even more relevant, further efforts can be made to allow for quick access to the system and high-speed navigation (as stated in the vision statement principle on fostering a user-friendly tool). For the Contrataciones Abiertas website, focus should be on expanding processing capacity to avoid the current disparity between the server’s capacities compared with user demand.

After a simple information search request by the OECD using the Contrataciones Abiertas website, the system’s servers were unable to process any results due to the
reduced server’s capacity. This situation is also of concern to PWGPP members. To solve this situation, SFP could consult the Open Contracting driving group in Mexico.

SFP may wish to consider the prioritisation of initiatives as some of the recommendations probably will not be able to be achieved within timeframes while the focus shifts to alternative areas of work. For example, SFP could focus less on promoting the Contrataciones Abiertas website and focus more on CompraNet as the only access point for publishing information on the government procurement cycle. Overall, the Contrataciones Abiertas website contributes to the dispersion of information in different platforms. For this, CompraNet could directly interconnect with SHCP’s SICOP and MIPPI databases and include a user-friendly data visualisation mechanism for the public.

5.2. Standardising procurement documents could reduce the cost of tendering and increase competition

For businesses, participating in public tenders can be costly and complex in an environment where each contracting authority uses different documents and has different requirements for each tender. By standardising procurement practices in Mexico, using both system-centric (in CompraNet) and non-system-centric (in the general public procurement system) initiatives, transaction costs for suppliers can be reduced and they will be more likely to participate in government tenders.

The adoption of standardised documents and requirements becomes especially relevant for the Mexican public procurement context. While a large amount of information on public procurement activities is available in CompraNet, it is not always available in formats that can increase accountability (i.e. scanned PDFs). As well, substantial variations in tender documents will require additional time and effort from contracting authorities, businesses responding to tenders and oversight institutions, and social witnesses. Standardisation will not only allow procurement practitioners and businesses to approach documents more efficiently, but help simplification across government, including contract terms, general specifications and reporting requirements. Standardised contracts would make the analysis of procurement data easier, by harmonising variables between all procurement processes. Finally, the standardisation of procurement documents and data fields allows for easier implementation of indicators to measure performance, effectiveness and savings of the public procurement system.

The area of opportunity singled out by stakeholders in Mexico is that each contracting authority still uses its own form of procurement documents and has different requirements for suppliers. This drives up the cost for tenders, in particular restricting the ability of companies without significant resources (such as SMEs) to respond to tenders. Having standardised information requirements for the different documents used in procurement processes is beneficial for all users. This can be achieved either by publishing new standardised documents or by enforcing the regulation on the information requirements included in each type of document.

Homogenising documents and information requirements –as well as pushing for administrative simplification –will support greater efficiency for suppliers and government users. This process should be undertaken in advance of the full introduction of open data standards (at the end of the phased implementation of OCDS), so that new document formats can use common fields that will allow data to be more easily extracted and analysed. In this sense, interoperability with other systems will be more easily
achieved, allowing for automatic extraction of information and preliminary filling of response fields.

Document templates can be developed for different steps of the procurement process to ensure broad standardisation (e.g. model documents for calls for tender, tender documents and contracts). Commoditised goods and services are often a target for standardisation activities in public procurement, given the lack of unique and customised specifications. Developing a common approach and common specifications for the purchase of these types of goods across government, including in areas such as sustainability requirements, could improve the engagement between government and the suppliers of goods and services that are commonly used by the majority of contracting authorities. Other practices can help drive standardisation, for example detailing the procedures that can be used to determine a bidder’s eligibility and ability to perform a specific contract.

The adoption of standard documents is better implemented when it results from an inclusive or collaborative process to agree on document management standards (including the public sector, civil society, and the supplier community/business sector) (OECD, 2016[22]). In addition, according to the OECD Survey on Public Procurement, 74% of OECD member countries single out “higher levels of standardisation” as one the main benefits achievable for a public procurement electronic system. Further encouraging the adoption of standardised documents could reflect benefits for the Mexican public procurement system and help achieve value for money.
Annex A. Roadmap

The Roadmap developed for the OECD Review on Mexico’s e-Procurement System: Redesigning CompraNet through Stakeholder Engagement is the product of the recommendations of the Subgroups, under the leadership of the Ministry of Public Administration (Secretaría de la Función Pública, SFP), co-ordinated and streamlined by the OECD based on international best practices.

A phased approach to implementation has generally been advocated by the OECD in other e-procurement implementation projects. This is common in large, transformative projects, as it allows for closer monitoring and control. It also reduces the impact of change on users of the system and other stakeholders and allows for modification in plans and approach in response to developments in the political environment or technology (OECD, 2017[23]).

The Roadmap for CompraNet was developed taking into account the specific context of Mexico, the current state of the CompraNet system and the lessons learned in other OECD reviews of Mexico’s institutions. The improvements are divided into areas corresponding to the remit of the Subgroups. However, some of the original recommendations presented by the Subgroups have been amended or combined with others to develop a cohesive Roadmap for the system.

- **Phase 1 – Compliance-driven system:** the first phase ran up to November 2018, which does not leave sufficient time to introduce structural changes. Instead, the focus of the first phase is on increasing human compliance with the system (i.e. making sure the officials upload accurate, complete and timely information and running a permanent audit programme on the information uploaded). It will also focus on marketing the system to suppliers and developing operational changes that resolve some of the system’s most pressing challenges, that is, reducing the opportunities for corruption (i.e. providing data to focus audits on procurement, and setting up mechanisms to make it possible for whistle-blowers to come forward).

- **Phase 2 – Open data friendly system:** the second phase, which will cover a three-year period, from the end of Phase 1 (2018-2020), will involve a transition to an open data system, changing the way in which data is entered into the system. The goal is to safeguard the integrity of the information in the system and allow stakeholders to use the data more easily.

- **Phase 3 – Fully integrated transactional system:** the third phase, starting at the end of Phase 2 (2020-2027), will make the transition to a fully transactional system. It will link with contracting authority platforms and allow oversight of the full procurement cycle.
Figure A.1. CompraNet Roadmap

Short Term (to 11-2018) | Medium Term (up to 3 years) | Long Term (up to 10 years)
---|---|---
Phase I: Compliance-driven system | Phase II: Open data-friendly system | Phase III: Fully integrated transactional system

- **Consult stakeholders on their information needs**
- **Data management strategy**
- **Open data standards**
- **Naming conventions and referencing standards**
- **Standardised tender documents for common goods and services**
- **Transition to best practice standard for the classification of goods, services and public works**
- **End-to-end system coverage of procurement cycle**

- **Identify barriers to supplier participation**
- **Expansion of supplier registry to include prequalification information**
- **Promote an inclusive reform programme**
- **Contract management module**
- **Savings measurement methodologies**
- **E-signature enablement**

- **Procurement practitioner capabilities**
- **Support services for system users**
- **Audit approach developed by Internal Control Bodies on minimising exceptions**
- **Promote an inclusive reform programme**
- **Integrity and trust in the tool**
- **Compliance with data management strategy**

- **Identify barriers to supplier participation**
- **Promote an inclusive reform programme**
- **Integrity and trust in the tool**
- **Compliance with data management strategy**

- **Ensure overall adherence to legislation**
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- **Ensure overall adherence to legislation**

- **Targeted audit investigations**
- **Audit approach developed by Internal Control Bodies on minimising exceptions**
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- **Audit approach developed by Internal Control Bodies on minimising exceptions**

- **Promotion of whistle-blowing**
- **Complaint mechanisms**
- **Complaint mechanisms**
- **Complaint mechanisms**
- **Complaint mechanisms**
- **Complaint mechanisms**

**Source:** (OECD, 2018[1]).

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Follow up Report on Mexico’s CompraNet Reform

IMPROVING E-PROCUREMENT THROUGH
STAKEHOLDER ENGAGEMENT