First Progress Report on the development of the New International Airport of Mexico City
TOWARDS EFFECTIVE IMPLEMENTATION
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Executive Summary

This document reports progress made by the Airport Group of Mexico City (Grupo Aeroportuario de la Ciudad de México, GACM) and other entities concerning the 100 recommendations made by the OECD in its review “Effective Delivery of Large Infrastructure Projects: the Case of the New International Airport of Mexico City”, issued in November 2015. This is the first of a set of progress reports that will be completed periodically during 2016-2018.

The OECD recommendations were provided in the context of the multiannual collaboration with the Ministry of Communications and Transport (Secretaría de Comunicaciones y Transportes, SCT) to advance integrity, transparency, good procurement practices, and improve the communication of the project of the New International Airport of Mexico City (NAICM), a worldwide infrastructure flagship currently under construction to replace the existing international airport in 2020.

This progress report provides GACM with an assessment of recent efforts and identifies routes to implement changes or improvements responsive to the current project development. To do so, this report evaluates procurement packages which have been concluded from the issuance of the first packages up until September 2016.

Progress towards an effective delivery environment (i.e., creating the conditions for the successful delivery of the infrastructure, in terms of time, quality, and budget) has been made in different fields, for example in stakeholder engagement, the implementation of integrity tools, such as declarations of integrity and conflicts of interest for officials and suppliers participating in tenders, and the communication strategy of the NAICM.

Responding to the recommendations in November 2015, also based on international standards, GACM has been growing by 37 percent in terms of number of staff, mainly through temporary contracts, to address specific needs. In an effort to diagnose the different functions and skills that need to be reinforced, GACM is about to complete a plan for the strategic alignment of processes and responsibilities, including a new operating model. Strengthening the structure of GACM and reforming its corporate governance should prioritise the vertical separation of powers and strengthen functions that become relevant at every particular stage of the project. For example, contract management and internal control skills will be critical during the phase of heavy construction NAICM is entering.

GACM has achieved progress in many of the OECD recommendations, notably the following:

- **Governance**: GACM has increased control and accountability over outsourced services and personnel and engaged more systematically with a wide array of stakeholders. Likewise, the financial scenarios and strategies are periodically reviewed to respond to evolving market conditions.

- **Procurement**: The creation of the experts’ panel to gather different expertise during the tender preparation stage and sub-committees to review tender documentation are positive steps that could be extended to cover other critical elements. At the same time, standard templates and documentation were developed to facilitate future bidders’ participation. Furthermore, the setup of the Accompanying Working Group (Mesa de Acompañamiento) with the Ministry of Public Administration (Secretaría de la Función Pública, SFP) is a landmark to bring additional expertise and control to the different stages of tender preparation and execution. Competition improved in the tenders for runways 2 and 3, in comparison to the first tenders (but again showed suboptimal results in the last tender for the electrical substation, see section 3.2).

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1 The English version of the report Effective Delivery of Large Infrastructure Projects: The Case of the New International Airport of Mexico City was published in November 2015. The Spanish version was published in January 2016.
• **Integrity and transparency:** GACM amended its Code of Conduct, which is communicated to staff through several means and established a conflict of interest declaration that applies to officials, consultants, and bidders participating in tender procedures. The Ethics Committee has been set up, and integrity training has been conducted on the Code of Conduct and on transparency. Both, GACM Code of Conduct and Ethics Committee, got favourable reviews from SFP. A notable breakthrough is the uploading of 200 contracts in the open data portal of Mexico’s government (datos.gob.mx), following open contracting data standards. With this action, GACM becomes the leading entity of Mexico’s Government in terms of the implementation of open contracting standards.

• **Communications:** GACM now has a communications team in process of formalisation and a communications programme, allowing it to take over this critical function. In consequence, GACM has now a point of contact for journalists, which seems to have impacted in the quality and tone of research notes. In addition, an Intranet has been set up to facilitate communications within GACM.

However, further efforts must be invested in other critical areas. For example, the governance of the project should aim at guaranteeing full accountability and timely decision making, tender design and award criteria must be revised if competition is to be further facilitated and early disqualification of bidders avoided. It would be worthwhile for GACM to continue reinforcing its culture of integrity, ensuring full cooperation of the different administrative units to achieve transparency, and better targeting its communication efforts, which require resources for the development of a comprehensive strategy. In other words, while progress has been achieved since the 2015 review, non-residual risks need to be further addressed to enable the successful development of the project. The successful implementation of additional efforts will require the concerted action of different government institutions, and other stakeholders.

In spite of the progress described, GACM must further its efforts in the above-mentioned critical dimensions to create an optimal environment that is conducive to the effective delivery of this landmark infrastructure project. Among others, GACM would benefit from implementing corporate governance reform and aligning its structure to the *OECD Guidelines on Corporate Governance of State-Owned Enterprises*. In addition, GACM could invest additional efforts to secure accountability and integrity in decision-making within the new organisational model. The reorganisation and the changes in GACM staff should be aligned with the emerging and priority tasks, such as contract management and internal control.

It is also time to take stock of previous tendering processes and correct potential shortcomings, such as enhancing competition by avoiding the early disqualification of a high number of bidders. Although representing a minimal share of the construction budget and being just one example, experience in the tender relating to the trials on the excavation of the terminal ground and piles testing (see section 3.2) showed that GACM should, as it has done for the following tenders, privilege the use of points-based award criteria to assess proposals on their relative merits. This mechanism mitigates the risk of cancellation of procurement processes which can lead to increasing direct awards. Indeed, points-based award criteria were used for the package tenders following that of excavation trials and pile testing. On the other hand, further efforts may be made to facilitate the engagement of SMEs without sacrificing value for money. GACM may also put more emphasis in learning by doing by furthering dialogue and feedback among its staff and with other stakeholders.

Likewise, GACM would benefit from intensifying its efforts to generate a culture of integrity among its staff, strengthen its internal control structures, and adopt a proactive and hands-on approach to risk management, which is paramount to an infrastructure of such importance and complexity. The emphasis of these efforts may be on building a culture of integrity that goes beyond mere compliance with administrative requirements, a common challenge in many bureaucracies around the world. For example, GACM could keep track of the conflicts of interests that have been identified through mandatory declarations and integrity statements, allowing assessing whether these have helped to detect and manage situations that could have led to integrity breaches. If there are few potential cases identified and no appropriate follow up action to mitigate the risk of conflict of interest, the tools may
not be meeting their objectives and run the risk of being perceived as an unnecessary burdensome layer of bureaucracy for officials and suppliers. So far, GACM shared with OECD one potential case of conflict of interest that has been detected and is currently being analysed. OECD will monitor the outcomes of this case and to what extent the risk of conflict of interest has been effectively mitigated. Nonetheless, GACM could adopt a more systematic screening process for the declarations collected from officials and suppliers.

Finally, GACM could further adjust its communications programme and strategies according to the information needs of targeted audiences. GACM could develop new initiatives, such as a periodic progress report with key indicators (i.e., physical and budget exercise) and upgrading of its website and social media interactions. Communications of the project is optimised when it evolves so as to be interactive, inviting participation, and leading to a dialogue with different sets of stakeholders, beyond simply offering information.

As of August 2016, almost 30% of the main procurement packages have been issued, including the most recent ones relative to the terminal structure and two out of three runways to be built in the first stage of the project. Following the award of those tenders, GACM will enter into a critical construction phase where both opportunities and risks identified in the previous OECD report might materialise.

Procurement processes, initially broken up into 21 packages, have been significantly re-organised into eight packages and 49 subpackages. The tenders for construction activities are now structured around eight major areas from the construction of the terminal to the development of all construction works related to the support buildings. The sequencing of the packages has been revised around the definition of a critical path to allow first completing the essential components of the airport infrastructure before delivering the associated supporting facilities. The revision of the packages addresses overlaps and their associated risks. However, it extends the overall tendering phase with the latest contract being planned to be awarded on June 2019 as opposed to August 2017 in the initial strategy. This implies that final works will be completed closer to the public opening date thereby constraining the testing phase of the airport, a necessary pre-condition to its opening. While GACM and the project manager, Parsons, have reorganised the packages with the view to abide by the October 2020 landmark, further extensions in carrying out procurement processes might put at risk such deadline.

After balancing achievements and opportunities, OECD suggests concentrating resources and efforts in the following 16 high impact recommendations, according to the proposed timelines\(^2\), in order to ensure value added throughout execution (a detailed table in annex 2 shows the relationship between the 100 recommendations from the November 2015 report and the 16 focused recommendations listed below).

The successful implementation of these recommendations calls for a coordinated effort among several government institutions and even other stakeholders, such as sub-national governments (federal states and municipalities), autonomous bodies, and civil society organisations.

OECD will be supporting the implementation process through a series of activities that include a governance workshop (scheduled in October 2016), roundtables with stakeholders to communicate challenges and good practices and to facilitate dialogue\(^3\), capacity-building, field visits to infrastructures successfully developed in OECD countries, ad hoc advice, and further progress reports. The next step will be for OECD and GACM to agree on the programme for implementation, timelines, milestones, deliverables, and metrics for progress.

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\(^2\) The proposed timelines suggest a length of implementation. However, for those recommendations to be completed in the medium or long-term, this does not mean preparations should wait until then, but all the contrary, work should start as soon as possible, anticipating completion within six months (medium-term) or beyond (long-term).

\(^3\) For example, OECD has facilitated the dialogue between GACM and the National Observatory of NAICM.
Medium-term (6 months)

1. Anticipate risks (i.e., social, environmental, reputational, political, and so on) that will emerge as the project progresses through timely management that includes agreements and other coordination mechanisms, particularly at two levels: First, between GACM and those entities which will also carry out works (i.e., hydraulic works) or projects (i.e., Airport City, land use maps, etc.) which, if not managed properly, may hinder the ability of GACM to move on schedule. Second, between GACM and sub-national authorities, which will be required to address emerging issues as the project develops (i.e., noise, pollution, traffic, etc.). Coordination mechanisms will be required to facilitate the development of solutions to increasingly complex problems that are arising as the project unfolds.

2. Carry out the social consultation scheduled to take place during the second half of 2016: Social consultation is a pending issue and should be completed to facilitate buy in from stakeholders with an interest in the surroundings of the construction site.

3. Considering the constrained timeline for the project and its execution to date, accelerate the implementation of a working group allowing for coordinated procurement expertise in the decision making process and providing all relevant stakeholders with the opportunity to review and monitor progress with the project programme and budget and recommend corrective and preventive measures, as necessary. The working group could also carry out an analysis identifying key reforms for the success of the project beyond construction, addressing, for example, issues such as its regional impact and mobility.

4. Mexico’s government should allocate the necessary resources to SFP to facilitate its engagement through the dedicated procurement support group (Mesa de Acompañamiento) beyond the tender relating to the construction of the terminal building to other relevant packages, such as the platforms or the support buildings as a mean to foster co-ordination among stakeholders and allowing for the development of adequate tender documentation, while being compliant with the regulatory framework. Given that the tender for the terminal building is planned to conclude in December 2016, SFP could reallocate the resources of the Mesa de Acompañamiento to another tender process implying significant amounts and risks.

5. Expand and deepen the procurement risks management strategy to develop a more holistic approach to project risks. The risk map should notably integrate risks linked to the overall procurement sequencing and how this structure could impact project delivery. Risks posed by the timeline of the project, its impact on available resources from the private sector, the potential delay caused in one package and influence on other procurement processes could be included in the assessment. On top of that, GACM should appoint an official in charge of the risk management function.

6. Take ownership over key risk management activities, including internalising the corruption risk mapping and mitigation strategies developed by a consultancy: Even if this mapping was not developed internally, oversight, communication and awareness efforts by internal staff should complement it. Beyond socialisation, active risk management and ongoing update should be the outcome. Among other actions, GACM should link its risk management strategy to the main strategic objectives for the successful delivery of the NAICM, delegate the responsibility to oversee the design, implementation, and monitoring of a comprehensive risk management strategy to an independent member of the Board of Directors; and appoint staff (technical experts and senior managers) that will be jointly responsible for designing, implementing, and monitoring the risk management strategy, and that will report to top management and the Board of Directors.

7. Implement new communications protocols to maximise the transparency of the progress of the project: For example, progress reports every three months, a progress dashboard as part of the webpage to monitor physical and budget exercise of contracts, and periodic press conferences. Such progress updates would also move GACM to exercise a more rigorous monitoring of contract performance.
8. Build the political support required to carry out corporate governance reform: While the plan to reform GACM corporate governance incorporates some OECD standards, political leadership will be needed to make sure reform actually happens. The Office of the President, SCT, the Ministry of Finance and Public Credit (Secretaría de Hacienda y Crédito Público, SHCP), and SFP, among other public entities, should all support this process to favour its successful completion. The process will require decisions by the Board and then planning and execution (i.e., recruitment of independent members of the Board, setting up the internal audit function, etc.).

9. Complete the implementation of the Airport Group Institutional System (SIGA): Currently, GACM does not have a centralised database for the whole organisation. So, retrieving and collecting information should be done manually. SIGA should facilitate an automatic process so that all GACM departments can update information, access it, and use it for different purposes, such as satisfying transparency requirements, producing audit reports, manage contracts and follow up their progress, among others.

10. Review the scope of market analyses as they play a crucial role in defining the most efficient procurement process, thereby mitigating the risks of delays or the use of unjustified discretionary procurement processes. To promote suppliers’ engagement, a summary of the market analysis and its impact on the tender structure and documentation could be attached to the published tender notice. Market research skills should also be strengthened to make it effective in improving the quality of tender procedures and the choice of type of competition.

11. Continue working on developing a robust integrity culture: Some actions that would favour integrity include the development of additional policies on conflict of interest and whistleblower protection, as well as practical training on resolving ethical dilemmas. Building on the updated Code of Conduct and conflict of interest tools, GACM, through its Ethics Committee, may reinforce the ethics programmes and training of its staff by providing practical guidance on how officials are expected to apply standards in their day-to-day activities and react to difficult situations.

12. Upgrade the internal control and audit systems and strengthen the capacities of the Internal Control Body (Órgano Interno de Control, OIC): The OIC, which was recently established, is working with only six staff members. The OIC would require additional resources to provide advice and control throughout GACM activities. On top of that, GACM should have an “owner” of internal control to facilitate institutionalising this practice.

13. Strengthen GACM’s culture of transparency by developing an archives system and a database where the information disclosed is aggregated and regularly updated in order to allow for an easier visualisation of the evolution of the NAICM project and related budgets through continuous and joint efforts by all GACM corporate directorates.

14. Focus the communications programme and its strategies according to the needs of different audiences and ensure useful information is made accessible by GACM. Use surveys and focus groups to fully understand such needs.

Long-term (beyond 6 months)

15. Incorporating in the new organisational model the processes, policies, and functions to secure accountability and integrity in decision-making and to implement it: It should be clear, for example, who is accountable and who takes decisions when the execution programme needs to be adjusted. The UK Infrastructure Client Group proposes some criteria to carry out this analysis (see Box 2.1).
16. Further develop the contract management framework: Introducing Service Level Agreements (SLAs) in contracts to define criteria for suppliers’ performance assessment and governance mechanisms to review progress and increase contract management capacities, both internal and external, considering the construction phase NAICM is entering into. As contract execution will dramatically increase in the coming months with the conclusion of additional tenders, contract management capacities should be strengthened to ensure keeping the works on time and budget. GACM should evaluate the performance of the contracts currently under execution and analyse whether they are meeting the timeline, budget, and quality expected.
1. Follow-up on the OECD Review

In January 2015, the OECD and Mexico’s SCT established an agreement to advance integrity, transparency, and good procurement practices in the development and construction of the NAICM. A core contribution of the OECD in this context was a review of four core elements of this infrastructure: i) the governance of the project, ii) the procurement scheme, iii) the integrity measures to shield the project from corruption, and iv) the communications strategy.

The OECD Review Effective Delivery of Large Infrastructure Projects: The Case of the New International Airport of Mexico City was published on November 2015 in its English version, and on January 2016 in its Spanish version.4 The review made 100 recommendations to GACM, the entity in charge of the construction of NAICM, and other ministries and agencies with a stake in the development of the project. The 100 recommendations are grouped in building blocks, according to the following structure:

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Building blocks</th>
<th>Recommendations</th>
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<tbody>
<tr>
<td>Governance</td>
<td>6</td>
<td>25</td>
</tr>
<tr>
<td>Procurement</td>
<td>7</td>
<td>32</td>
</tr>
<tr>
<td>Integrity</td>
<td>4</td>
<td>30</td>
</tr>
<tr>
<td>Communications</td>
<td>2</td>
<td>13</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>19</strong></td>
<td><strong>100</strong></td>
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The objective of this document is to report progress made by GACM and other entities concerning the 100 recommendations, recognise achievements, and highlight the main opportunity areas that are still to be addressed to tackle weaknesses that remain in the project and may threaten its successful completion on time and on budget.

After the review was published, GACM set up working groups, with representatives from all corporate directorates, by chapter with one of its units taking the lead in the follow up and coordination of the actions to address the recommendations. This initiative illustrates GACM commitment to address OECD recommendations and work collaboratively. The Transparency Unit served as the General Coordinator of these working groups and each group leader had to develop a programme with timelines and responsible areas, identify obstacles, and propose solutions, as well as put together the evidence for the actions taken to address the recommendations.

From February to July 2016, the working groups met five times to review progress, with the participation of all corporate directorates, the OIC, consultants working for GACM, and OECD representatives. During the meetings, participants discussed actions taken, challenges, and solutions to be implemented to overcome them. The working groups put together a wide set of documental evidence to demonstrate how GACM was addressing OECD recommendations. These materials were delivered to OECD on June 2016, including a summary and an in depth description of the actions taken to address each one of the 100 recommendations (see Annex 1). The evidence contained in these materials (about 3 500 pages) facilitated the analysis by OECD, allowing an objective assessment of the progress made. All this work led to the progress report presented in this document. Such organisation was crucial for OECD to develop evidence-based findings and consider the actions taken by GACM.

The role of the OECD is to accompany the process of implementation, suggesting good international practices, keeping the reform process in the agenda of GACM, and providing capacity building to GACM staff. Between October 2015 and May 2016 the OECD organised and conducted four workshops on good practices of public procurement (16-17 October 2015), integrity and transparency in the procurement process (29-30 January 2016), mapping corruption risks in the procurement cycle (16-17 May 2016), and open contracting (16-17 May 2016). All these workshops benefited from insights from OECD staff and senior peer experts from OECD countries, as well as national institutions with expertise on the subject.

4 The review is available in its English and Spanish versions at www.oecd.org/centrodemexico/medios/ocde-presenta-avances-sobre-las-recomendaciones-naicm.htm. The review provides all the background information of the NAICM project.
2. Current situation

2.1. Governance

*Building block 2015: The governance model of the project needs to be strengthened to allow timely decision making, accountability, and inclusiveness, as well as to effectively allocate risks* \(^5\)

**Progress made**

The OECD review suggested that project governance arrangements can, and indeed should, change over time as the sponsor, in this case SCT, gains more understanding of risks and arrangements for management, as the management team and processes mature and demonstrate competence, and as the NAICM project progresses through its lifecycle, for example, during the transition from design to construction.

Among other issues, the OECD review from November 2015 found gaps in the definition of responsibilities among corporate directorates, including decision making. GACM is completing a review process that led to a new operating model and an amended organisation manual. This has been accompanied by the development of new mechanisms to strengthen accountability and ensure timely decision making. For example, the new operating model will provide a control mechanism for requests and approvals for adjustments in the project programme, budget, and contracts. This is important to assess the fairness in adjustment requests in light of the project calendar and avoid “cascade” effects.

Another example of a mechanism created to follow up GACM commitments and strengthen accountability is the Environmental Surveillance Committee (*Comité de Vigilancia Ambiental*, CVA). Back when the OECD review was published, no one was responsible to follow up the mitigation measures mandated by the Environmental Impact Assessment. CVA is charged precisely with this task.

Another issue identified by the OECD review was weak control and accountability of outsourced services and personnel. The first progress to report is that GACM concluded an inventory of contracts, which provides an overview of the services and activities outsourced. Second, GACM has been working on the implementation of a system called SIGA (Airport Group Institutional System), which is an Oracle platform including the following modules: accounting, budgeting, payables, treasury and acquisitions. Other modules are still in the implementation process, such as payroll, electronic accounting, invoice reception, as well as project and tools for data analysis. The modules already implemented allow registering operations from the beginning of the procurement process up to payment for the completion of works. Once it is fully implemented, the system will become the single information source for GACM staff to trace operations, hence allowing a more rigorous control.

Third, the publication of 200 contracts in the Open Data Portal of Mexico’s Government (*datos.gob.mx*) also facilitated taking stock of outsourced services and uploading such information in SIGA, which should also allow having a single source for the purpose of feeding other channels, such as the GACM webpage and information requests by authorities and citizens.

The OECD review also recommended GACM to get a better understanding of the wider governance map of the project, identifying the different stakeholders to establish communication channels and engage them. Indeed, GACM has improved in this regard by widening the scope of its outreach. A few examples illustrate this trend, which come in addition to the engagement already reported in the OECD review with airport users:

- Working group on transparency with the Mexican Chamber of the Construction Industry (*Cámara Mexicana de la Industria de la Construcción*, CMIC) and targeted meetings with

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\(^5\) All building blocks refer to the recommendations contained in the OECD Review presented in November 2015 and the texts following each building block describe progress made and remaining areas for improvement.
the Air Transport National Chamber (CANAERO) and the Consulting Businesses Chamber (Cámara de Empresas de Consultoría).

- Participation of academic and government institutions in the CVA.
- Work with the National Autonomous University (Universidad Nacional Autónoma de México, UNAM) and the National Polytechnic Institute (Instituto Politécnico Nacional, IPN) on environmental issues.
- Organisation of meetings between GACM and the National Water Commission (Comisión Nacional del Agua, CONAGUA).
- Meetings between GACM and the National Citizen Observatory of NAICM: A working group has been agreed to discuss an agenda of reforms dealing with procurement, the financial scheme, mobility, and transparency, among other issues.
- Draft agreement to be signed with the National Institute for Transparency, Freedom of Information, and Personal Data Protection (Instituto Nacional de Transparencia, Acceso a la Información y Protección de Datos Personales, INAI) in the coming months.
- Engagement with the Federal Competition Commission (Comisión Federal de Competencia, COFECE) to organise a workshop on competition in public procurement and seek the early engagement of COFECE to provide advice in tender design to avoid unnecessary restrictions to competition.
- Organisation of four expert panels (soil science and foundations, earthquakes, civil protection, and hydraulics) with the participation of academics and specialists on the different topics.

Finally, a landmark in the governance of the project was the establishment of a mechanism for SFP to provide advice in the planning and preparation of tenders. On 6 May 2016, SFP launched the Accompanying Working Group (Mesa de Acompañamiento) to advice the tender process for the terminal building.

Areas for improvement

Once the new organisation manual is finished and implemented, OECD will be in a position to further assess the extent to which accountability and decision making gaps were addressed. Currently, the Directive Committee (Comité Directivo) reviews progress of the project every week and takes decisions accordingly. GACM would benefit from assessing this decision making procedure on the basis of the 12 criteria suggested by the UK Infrastructure Client Group in its Project Initiation Routemap (see Box 2.1). GACM should consider the allocation of the right levels of authority and accountability, strengthening such features in key activities, for example, with regards to construction and contract management. It should be very clear in the chain of command who will be responsible for supervising the works, to whom the reports of these supervisors will be directed, and who will have to take decisions when deviations are found. This clarity will be key in ensuring works remain on schedule and on budget. In other words, the governance framework of the project should evolve to reflect the transition from design to construction and to create the right delivery environment.
Box 2.1. Criteria developed by the UK Infrastructure Client Group to assess a governance model

- There is likely to be tension between the participating organisations as the project is not fully aligned with all their relevant individual objectives.
- A delivery model (i.e., public procurement) is being proposed that the sponsor/client organisations do not have previous experience of applying successfully, they may need capabilities they currently do not have.
- Corporate governance arrangements are insufficient to host a project of this scale/complexity.
- Slow decision making is likely to absorb management time and, if left unresolved, will lead to project delays.
- There are too many layers, or unclear decision routes may result in unnecessary effort and duration to gain approvals.
- Lack of clarity regarding who has authority for what type of project decisions means previously agreed decisions are reopened by each decision making body, resulting in decisions being remade or overturned.
- Lack of accountability, as people (or organisations) are able to make decisions for which they are not fully accountable.
- Lack of transparency in decision making means confidence and trust in the project diminishes as stakeholders are unable to understand how, when, and by whom project decisions are made.
- The accountability for risk does not match the organisation’s capability or appetite to manage the risk.
- This project is encumbered by political or other interests external to the project.
- There is a fractious relationship between the sponsor, client, asset manager, and supply chain.
- Through the life of the project there is little provision for or anticipation of potential changes caused by external factors.


Regarding outsourced services, while there is an improved mechanism for control and a stock of all outsources activities, GACM should develop a policy for outsourcing, establishing what criteria are to be considered when outsourcing a task. Such policy should be formalised and approved by GACM’s Board and complemented by practical tools like, for example, a checklist for public servants to verify if outsourcing is the best solution to a specific situation. This would create an ex ante control and move GACM officials to think on other potential solutions.

Regarding SIGA, its full implementation should definitely be a priority to facilitate the management of the NAICM project. SIGA, as the centralised database of GACM, should become the brain of the organisation, where information can be uploaded, consulted, updated, and retrieved, in an automated manner, for different purposes, such as producing audit reports, managing contracts, updating the webpage, and fulfilling transparency requirements. It could incorporate the operational phases of contracts, so that it allows monitoring budget and physical progress. In fact, such a system should also be useful to automatise the retrieval of data to be presented in the different portals and tools to advance transparency, such as the open data portal (datos.gob.mx).

Concerning governance and the engagement of different stakeholders, GACM could consider the establishment of a more formal monitoring group. GACM could leverage its enhanced dialogue with the National Observatory to advance this agenda. This would complement other efforts and contribute to build citizen trust in the project. During July-August 2016, GACM had two meetings with the Observatory members, facilitated by OECD, to discuss the possibility of setting up a working group. In addition, given that the experience of the SFP Accompanying Working Group implemented for the tender of the terminal building has been quite positive, it should be documented and the government could allocate resources to extend it to other tenders, prioritising on the basis of amounts and risks involved, to bear in mind limited resources.
Building block 2015: Corporate governance should be reviewed to align with good international practice defined in the OECD Guidelines on Corporate Governance of State-owned Enterprises

The OECD review from November 2015 found that GACM’s corporate governance responds to the logic of the governance of public institutions, which prevents it from benefitting from the efficiency gains and operational benefits associated with a more corporatised structure. The general principle is that when governments conduct financially important projects, they should allocate these undertakings to a state-owned enterprise (SOE) if and only if they seek to benefit from the corporate form. Otherwise it is better left to a public institution. Among other issues, the OECD found the need to increase the degree for vertical separation of powers in GACM’s relationship with SCT, the lack of an internal audit function, and the need to review the composition and nomination process to the Board.

Progress made

In February 2016, GACM hired a private consultancy to develop a reform plan for its corporate governance. Preliminary versions of such plan incorporate key features suggested by the OECD Guidelines, such as independent board members, definition of roles and responsibilities for board members, evaluation, an internal audit function, and a management model for strategic risks (see Box 2.2). The plan will be presented in the second ordinary meeting of 2016 of the GACM Board for informative purposes, and then to the General Shareholders’ Assembly (Mexico’s Federal Government through SCT holds 99.9% of the GACM shares) to validate the necessary reforms to the GACM statutes. The 18-months contract with the consultancy anticipates a period of implementation support.

Box 2.2. Key proposals included in the preliminary plan for the reform of GACM’s corporate structure

- Composition of the Board: Three independent board members will join the Board and will also integrate the Audit and Society Practices Committee.
- Profiles of the independent board members: Definition of specialised profiles (i.e., finance, strategy, internal control, risk management, infrastructure development, and innovation) and duties of board members.
- Roles and responsibilities in the Board: Definition of tasks and powers for the governing body and its members, including the President, the Secretariat, and the Deputy Secretariat (Prosecretario).
- Board sessions: Guidelines to regulate the proceedings of the sessions of the governing body.
- Induction: Contents to be considered for the induction of board members to inform them about their roles and responsibilities.
- Evaluation and compensation: Guidelines for the assessment of the governing body and its members, linked to annual compensation.

Source: Deloitte (2016), Avances en gobierno corporativo (powerpoint presentation).

Despite this preparatory work, the implementation of the reforms proposed in the preliminary draft of the plan has not started yet and is scheduled to be launched during the second half of 2016.

Areas for improvement

The reforms required for GACM corporate governance structure to align better to OECD Guidelines cannot be achieved from one day to the other and needs to be carefully planned. However, it is necessary to speed it up as the NAICM project is entering a different phase (from design to heavy construction) that calls for improved governance and heightened controls. For example, it is urgent to set up an internal audit function that reports to the Board, as this function does not currently exist. A sub-optimal alternative would be to temporarily outsource this function, while the internal capacities
of GACM are developed and the required government authorisations are approved, but this should not be seen as a long-term solution, but rather as a short-term remedy.

The reform proposal will likely face several challenges. First, there is a strong tradition in Mexico for SOE boards to be partially or even fully integrated by public officials. Despite progress in the introduction of independent board members in some corporate entities (i.e., PEMEX), it is foreseeable that there will be resistance to align the composition of GACM’s board to the best international practices. Indeed, there is growing recognition that certain public sector representatives are not acceptable as SOE board members under any circumstance. OECD consensus holds that neither ministers, state secretaries, nor other direct representatives of, nor parties closely related to the executive powers should be represented on SOE boards.

It is still to be seen to what extent vertical separation will be favoured, allowing GACM to take care of its day-to-day operations and limiting the ownership entity (SCT) to the issuance of objectives and the monitoring of their implementation.

A second challenge is that profound changes in GACM’s corporate governance might require or be facilitated by legislative reforms. For example, the Federal Law for Quasi-state Entities (Ley Federal de Entidades Paraestatales, LFEP) or its Bylaws (Reglamento) do not elaborate on alternative procedures for the President to appoint board members (i.e., nomination committees, pools of qualified candidates, headhunting firms), while OECD good practice suggests that such appointments should be based on competitive and merit-based procedures. On the other hand, the LFEP does not limit the possibility to appoint board members that are not public officials, even if they are to represent the interests of the federal public administration (administración pública federal, APF).

In light of these findings, it is timely to invite the centre of government to take the leadership in the advancement of the reform agenda. Many of the changes proposed to GACM’s corporate structure will need strong political support from key institutions, such as the Office of the President (Presidencia), SHCP, and SCT. This is so not only because of their legal powers (SHCP) or their role as head of sector (SCT), but also because these entities hold positions in the Board through their public officials. Hence, full alignment to the OECD Guidelines requires these entities to give up their seats to favour independent members. It also requires willingness to open up the nomination procedures and depoliticise them. The OECD will analyse to what extent these reforms were successful in future progress reports.

Building block 2015: While co-ordination among central government stakeholders seems to be working well, this is not necessarily the case with others

Progress made

GACM set up a team to concentrate on institutional relations. Its objective is to establish and maintain dialogue channels with different stakeholders of the NAICM project, including federal and sub-national government institutions. This department reports directly to GACM General Director, who in turn develops an active agenda of meetings and discussions with government stakeholders.

In addition, there is a high level Group for Inter-ministerial Coordination, which has set three main objectives: i) preserving the social and political stability of the area where the NAICM is being built, ii) mitigating the impacts created by the construction process, and iii) facilitating the systematic development of the surrounding area to the construction site. Each agency participating in this group should contribute its experience and knowledge to the development of the east side of the Metropolitan Area of Mexico City, which as documented in the OECD review from November 2015, has lower standards of living than the average. The Inter-ministerial Group has already undertaken specific initiatives, such as the following:

- Programme for training and construction jobs for the inhabitants of the municipalities of Atenco and Texcoco: An agreement was signed with CMIC to produce a diagnosis of
employment needs and an employment bureau to recruit locals, according to the construction timeline. Training will be provided for local workers to get a certification to work in construction and contracted suppliers will be invited to recruit from this pool.

- Agreement with the Ministry for Rural, Territorial, and Urban Development (Secretaria de Desarrollo Agrario, Territorial y Urbano, SEDATU): This agreement commits SEDATU to carry out urban development and connectivity studies, as well as to contribute in the preparation of the land use maps for Atenco and Texcoco.

- Programme for agriculture development (in co-ordination with the Ministry for Agriculture, Livestock, Rural Development, Fishing, and Food (Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación, SAGARPA): This programme aims at creating balance with the urban area by defining an agriculture zone. 16 zones will be destined for the production of tomato, with jobs created for 12 000 individuals. SAGARPA will also offer support for the purchase of tractors.

- Diagnosis of needs of the inhabitants of Atenco and Texcoco.

Another mechanism for governmental coordination has been the CVA. The CVA just held its second ordinary session in June 2016, with the participation of the mayors of Atenco and Nezahualcóyotl, representatives from the municipalities of Tezoyuca, Texcoco, and Ecatepec, as well as the environment ministries of the Federal Government, the State of Mexico, and Mexico City, the National Forestry Commission (Comisión Nacional Forestal, CONAFOR), and CONAGUA, as well as non-governmental stakeholders. During the meeting, the CVA reported progress regarding environmental restoration, monitoring of water quality, rescue of flora and fauna, birds preservation, the environmental management plan, mitigation of environmental risks, and other measures derived from the resolution on environmental risks issued by the Ministry of the Environment and Natural Resources (Secretaría de Medio Ambiente y Recursos Naturales, SEMARNAT).

In the case of other entities, a co-operative relationship has been formally established through an agreement. For example, on 28 July 2016, GACM signed an agreement with the development bank NAFIN (Nacional Financiera) with the purpose of developing finance schemes for suppliers participating in the NAICM project, facilitating the participation of SMEs, and strengthening the supply chain.  

**Areas for improvement**

GACM and other entities are in the right track in using mechanisms such as the Inter-ministerial Group and the CVA to facilitate co-ordination between agencies of the Federal Government and with sub-national governments (i.e., federal states and municipalities). While there are some positive results, it is important to continue strengthening these mechanisms as controversial and more pressing issues are likely to be faced as construction intensifies and solutions will call for heightened co-ordination.

One of those issues that have been highly visible and controversial is the destiny of the land of the current airport, which will be shut down once the NAICM enters into operation. During the first half of 2016 there was a public debate between the Federal Government and Mexico City not only regarding what to do with those lands, but also about how to take the decision. The decision is outside of the attributions of GACM. Mechanisms such as the ones mentioned before or some other (i.e., the OECD Review recommended the establishment of a Metropolitan Council for the NAICM) should be used to favour dialogue and avoid such disagreements.

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7 The decision is outside of the attributions of GACM.

8 The Federal Government contracted a study with a private consultancy to evaluate three different alternatives for the use of the land that will be left behind once the old airport is closed. The three alternatives are: i) an urban centre with housing for 155 000 individuals; ii) a metropolitan park; and iii) a research complex. On the other hand, the Mexico City Government organised an open consultation process with the inhabitants of the east side of the city.
One more example of a rising problem that calls for co-ordinated action is the increasing traffic
of heavy trucks and machinery in the surroundings of the construction site. This increased traffic
implies several issues for the local populations such as noise, congestion, pollution, risks of accidents,
damages to the roads that were not meant for this kind of heavy traffic, among others. Solving these
problems will require taking measures that are in the jurisdiction of different levels of government and
therefore co-ordination is a must.

Urban development issues and connectivity planning, which should have carried out with much
more anticipation, will also call for robust co-ordination, as do the hydraulic works carried out by
CONAGUA and which are required to be completed before launching some infrastructure items of
the airport facilities. As of August 2013, CONAGUA is actively participating in the development of
the works required for NAICM.  

The logistics inherent for the project will impose requirements for co-ordinated solutions. For
example, at some point during construction, it is estimated that there will be about 40 000 workers in
the construction camp. Housing, transportation, public services, and so on will be needed for these
workers and their families and only the co-ordinated action of the different levels of government will
allow meeting this challenge.

So, although some co-ordination mechanisms have been established and produced good results,
their effectiveness will still be put to the test as construction advances and new challenges arise
demanding the concerted actions of different agencies and levels of government. The OECD will
continue monitoring these efforts, suggesting good practices, and reporting progress.

In addition, GACM started contacts several months ago with INAI and, more recently, with
COFECE for the purpose of formalising a co-operation. In the first case, there are already discussions
on a draft agreement, while talks with COFECE are more incipient. GACM should continue pursuing
these agreements as INAI could help it comply with the requirements of the new Transparency and
Freedom of Information General Law (Ley General de Transparencia y Acceso a la Información
Pública) and COFECE agreed to provide expertise and ex ante advice in a pilot call for tender to
make sure it does not unnecessarily restrict competition and to identify and avoid bid rigging in public
procurement. As a first activity, COFECE has agreed to organise a workshop for GACM employees
on facilitating competition in public procurement.

Building block 2015: GACM capacities need to be strengthened and a collaborative working
environment should be developed

The OECD review from November 2015 identified two main issues in this regard, basically
serious capacity and human resource constraints in GACM structure and the lack of job stability for
many of its employees.

Progress made

Regarding the first issue, GACM faces constraints imposed by budget limitations, which have
become tighter as a result of low oil prices. Nevertheless, as mentioned above, the Group managed to
increase the number of staff, mainly using temporary contracts, which increased by 60% in the period.
Table 2.1 illustrates the evolution in the number of staff by the type of contract.

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9 On 26 August 2013, CONAGUA and Airport and Auxiliary Services (Aeropuertos y Servicios Auxiliares, ASA) signed a
co-operation agreement to coordinate actions and resources.
The number of positions for public officials has not increased, since it would require authorisations from SHCP and SFP. Given these restrictions, GACM has only been capable of attracting staff via temporary contracts.

Areas for improvement

This is clearly a recommendation in which progress requires support from many agencies beyond GACM, such as SCT, SHCP, and SFP. Given the tight fiscal situation and the shortage of resources, planning and prioritising the areas and functions to strengthen is absolutely critical. Such focus should also follow the needs created by the transition from design to the construction phase. In other words, the organisational structure should evolve according to the stages of the project, which are quite dynamic. For example, an increasing need in this stage of heavy construction will be ensuring adequate progress of works, in physical and budget terms. Hence, GACM would need to strengthen the monitoring of works by contracting construction supervisors/monitors (*residentes de obra*). In fact, GACM is seeking 20 positions for supervisors, but the required authorisations are pending, and plans to reach a total of 52 in the medium term. This number will need to be assessed against the quantity of works ongoing at any particular time.

One more function that clearly needs to be strengthened is transparency. The recent reforms to the Transparency and Freedom of Information General Law significantly increased the information items that have to be proactively disclosed. In addition, the government has set other policies to increase transparency, such as Focused Transparency (*Transparencia Focalizada*), open data (*datos.gob.mx*), Follow your works (*Sigue tu Obra-SCT*) and budget transparency (*Transparencia Presupuestaria*-SHCP). Complying with the information requirements and periodically updating such information requires three basic elements: a system to manage archives and documents, a centralised database (*SIGA*), and a culture of transparency. GACM staff is more and more aware that transparency is becoming a routine function. However, the organisation needs a system of archives and a centralised database to reduce the burdens associated with compliance. Likewise, each corporate directorate, as the owner of information, should have a public official in charge of transparency functions (i.e., uploading and updating information in different platforms and addressing information requests by citizens). If this is not facilitated, there will be not only risks of transparency being considered an overwhelming burden, but also the possibility of inconsistencies between data found in different platforms.

The organic structure is still function-based and there has been no progress towards a portfolio, package-based structure. For example, some transversal functions are still to be positioned as such, as they are still within specific corporate directorates (i.e., ICT management is within the Corporate Directorate for Administration and Real Estate Management. On the contrary, GACM could create the function of the Chief Information Officer or CIO).

Regarding stability and salaries, GACM is constrained by employment regulations and salary scales set for the public administration. Staff hired on temporary contracts (currently at 74% of staff, up from 63% in October 2015) have to get their conditions renewed every three months, not only...
creating instability, but also impeding them to access the same benefits provided to public officials. This could hinder the motivation of staff and create negative incentives for immediate and undue personal gains.

It should be understood that growth through temporary contracts has been the only alternative available for GACM to take care of specific functions, such as transparency, communications, and environmental issues. The federal budget situation for 2017 does not look any better, so Mexico’s Government needs to assess to what extent it is willing to strengthen GACM capacities given the relevance of the NAICM project. One thing is certain, given its complexity, the NAICM project should not be treated as “business as usual”.

**Building block 2015: Continuous and open dialogue with stakeholders, involving them in planning, decision making, and oversight, is a key feature of successful megaprojects**

**Progress made**

GACM has opened communication channels with different groups of stakeholders. The OECD review from November 2015 reported an intensive strategy to consult airport users, at the same time that there is a need to strengthen social consultation. GACM has, for example, organised targeted meetings with CMIC and CANAERO. In the first case, a working group GACM-CMIC was established. A first meeting took place on 15 February 2016 to discuss pre-screening of bidding documents, contractors’ registry, and the implementation of the open contracting standards. GACM and CMIC took several agreements, such as the following:

- Reviewing the legal, administrative, technical, and economic requisites for bidders to avoid overlaps.
- Producing a checklist of documents required by GACM to facilitate the preparation of bidding proposals and carrying out a pre-screening process, as well as providing standardised formats.
- Meeting SFP to get its advice on the pre-screening process proposed.
- Consulting the Mexican Institute for Social Security (Instituto Mexicano del Seguro Social, IMSS) regarding the document to demonstrate compliance with social security regulations, which is required by GACM in tender procedures.
- Compiling a contractors’ registry to be presented by CMIC in the next meeting.
- Organising an informative workshop previous to the clarification meeting during the next tender process.

A second meeting took place on 15 March 2016 consisting on different task groups to discuss specific issues:

- Task group 1: Design and application of standardised formats for bidding proposals, pre-screening of bidding documents, measuring the experience of technical staff of bidders, explanation of criteria under points and percentages (puntos y porcentajes) and binary, guidelines to integrate the CMIC contractor registry, and informative workshop.
- Task group 2: Scope of experiences with BIM and LEED and BIM training offered by CMIC.

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10 **Building Information Modelling (BIM)** is a process involving the generation and management of digital representations of physical and functional characteristics of places. Building information models (BIMs) are files (often but not always in proprietary formats and containing proprietary data) which can be extracted, exchanged or networked to support decision-making regarding a building or other built asset. Current BIM software is used by individuals, businesses, and government agencies that plan, design, construct, operate, and maintain diverse physical infrastructures, such as water, wastewater, electricity, gas, refuse and communication utilities, roads, bridges, ports, tunnels, etc.

11 **LEED** is an international certification for sustainable design and construction. It is granted since 1998 by the Council of Green Buildings of the United States. About 52 000 projects have been certified in the world, of which 1 700 are in Latin America and 320 in Mexico.
• Task group 3: Guidelines and scope of application of open data in GACM contracts.

Concerning CANAERO, this chamber participated in the consultation to airport users, but GACM has maintained a close relationship, as evidenced by the visit by a representative group of the chamber to the construction site on 12 May 2016. A group of journalists also visited the construction site on 23 March 2016, in which there was a preliminary dialogue and a Q&A session and then a visit to the sites of the different ongoing works.

Concerning stakeholder participation in the oversight of the project, this has mainly taken place through social witnesses (testigos sociales). This role can be played by reputable individuals or organisations previously screened and approved by SFP. For example, the Engineering Academy and the Mexican Institute of Technical Audit have both performed the role of social witness. Public notaries have also been engaged in the award meetings to attest to the legality of the proceedings. Starting for the tenders for runways 2 and 3, public notaries were also present in the events to submit bids and open them.

Areas for improvement

While GACM has extensively consulted airport users and carried out targeted meetings with specific groups, such as CMIC, CANAERO, and journalists, the OECD suggests implementing other mechanisms to achieve stakeholder engagement, particularly targeted at social groups, inhabitants of the municipalities surrounding the construction site, and NGOs. Public meetings, informational materials, and mailing lists could be used to reach out more systematically these populations.

In June 2016, during a fact-finding mission, GACM informed the OECD of plans to carry out a social consultation process with the inhabitants of Texcoco and Atenco, as well as in terminals 1 and 2 of the current airport, during the second half of 2016. Such social consultation responds to the commitment to comply with the Equator Principles and requirements by financing institutions. This effort is necessary to address potential concerns which, if not managed adequately, could create social unrest in the area surrounding the NAICM. The results of the consultation process will be published and feed the planning of GACM concerning social objectives.

Concerning NGO’s, a systematic approach has been set up to engage the different organisations included in the National Observatory of NAICM in tasks such as surveillance and advice for decision making. GACM could pursue a social contract clarifying the potential contributions of each think-tank to the project, according to its expertise (i.e., CTS Embarq has expertise on mobility issues and México Evalúa on procurement). The participation of these think-tanks would not only provide valuable advice to GACM, but it would also help to build trust among other stakeholders. During July, GACM’s Transparency Unit re-launched talks with the Observatory to explore co-operation opportunities, setting it in the right track.

The CVA also serves as a mechanism for input from different stakeholder groups, such as academics represented by the IPN, the Biology Academy, and the autonomous universities of Chapingo and the State of Mexico, all full members of this committee.

Building block 2015: Periodic financial and procurement reviews must be undertaken to respond to changing conditions

Progress made

The OECD review from November 2015 informed that GACM had developed alternative scenarios and strategies to address potential budget cuts and recommended to continue taking these

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13 The National Citizen Observatory of NAICM includes a set of think-tanks: the Mexican Institute for Competitiveness (IMCO), the Mexican Centre for Environmental Law (CEMDA), CTS Embarq, and México Evalúa. More information available in the OECD Review from November 2015.
anticipatory actions in order to be ready for changes in the markets. Indeed, the Corporate Directorate for Finance has among its duties to identify, analyse, and suggest mechanisms to obtain the necessary funding for the construction of NAICM, considering the possibility of the need of additional resources to those budgeted, as well as the existing conditions in national and international markets. This is done by following up the committed budget and spending, in order to identify the amount and schedule of funding needed, assessing trends in the different components of the financial scheme to prevent and mitigate risks, and keeping communication with banks, international investors, and legal and financial advisors to anticipate alternative schemes to get funding to complement budgeted resources.

GACM’s Corporate Directorate of Finance continues performing simulations and anticipating scenarios to ensure funding availability and keep construction running. As a result, the NAICM project was recognised as the “Latin American Airport Deal of the Year” by IJGlobal (Infrastructure Journal Global) on March 2016. This award recognises the best finance schemes for infrastructure projects in the world and acknowledged NAICM for its mixed structure of public and private funding.\(^{14}\)

Another positive sign is the credit ratings recently assigned to GACM. Moody’s, for example, assigned a Baa1 rating to the Airport Trust Senior Secured Notes with a negative outlook; Standard and Poor’s assigned a BBB+ also with a negative outlook; and Fitch assigned BBB+ with a stable outlook.\(^{15}\) On 22 September 2016, GACM issued bonds in the international capital markets for USD 2000 million. This is the biggest transaction ever for an airport and with the longest maturity (USD 1000 million to mature in 10 years and USD 1 000 million to mature in 30 years, with interest rates of 4.25 and 5.50%, respectively). The bonds were awarded the GB1 rating by Moody’s for a sustainable transaction, which is the highest. This issuance of bonds was showcased to investors in Asia, Europe, the United States, and Mexico and guarantees resources to fulfil the financial plan.

Areas for improvement

While there has been a periodic review and update of the financing scheme, procurement reviews have not been directed at assessing the achievement of secondary policy objectives. During the last trimester of 2015, an evaluation of the first tender procedures was carried out, leading to a document entitled “Lessons learned”, which in turn illustrated adjustments to calls for tender and contracting procedures. But this document does not follow up or evaluate KPIs related to secondary policy objectives, such as facilitating SME participation or fostering innovation through procurement.


\(^{15}\) The press releases of the credit rating agencies can be consulted at [http://www.aeropuerto.gob.mx/bono-verde.php](http://www.aeropuerto.gob.mx/bono-verde.php).
2.2. Public Procurement

Building block 2015: GACM could foster transparent and effective stakeholder direct participation to ensure a co-ordinated approach to the project by co-ordinating procurement expertise in the decision-making process

The OECD review from November 2015 identified challenges related to the participation of the different stakeholders in the procurement processes, in terms of co-ordination of actions and sequencing of tenders, as well as in terms of available expertise.

Progress made

In order to improve the coordination mechanisms, GACM reported the creation of an Executive Steering Committee, Comité Directivo, inside the Project Manager structure (PMO), meeting every week to discuss and evaluate the financial and physical progresses of the project, as well as the status of the procurement process. The creation of this Committee represents a first decisive step in federating procurement expertise in the decision-making process.

GACM also evaluated the first tenders, launched in 2015, and produced a “Lessons learned” report. This report takes stock of shortcomings experienced in the first tenders such as the extension of the timeframe established for each process, the necessity to complement or amend technical specifications, or the reasons leading to disqualification of bidders. This document helped review, improve, and standardise the tendering documentation and identify mitigation measures to reduce the number of suppliers disqualified in tender processes for administrative reasons. The clarification meetings established for each tender procedure were also important to foster transparent interactions between the Group, the PMO, potential bidders, and social witnesses. In spite of slowing down the procurement process (in some cases, the requests for clarifications were over 1 400 for one tender), the process proved useful to improve the transparency and build trust in the procurement procedures.

To address lack of expertise reported by the OECD review, GACM created a panel of experts and celebrated service contracts in four key areas: (i) Geotechnical and cement; (ii) Earthquakes; (iii) Civil protection and fires; and (iv) Hydraulics.

Areas for improvement

The creation of the experts’ panel is a very positive first step that could be expanded to other areas of expertise in order to cover other critical elements of the project, like buildings, aeronautics, or communications. GACM should assess whether the selection process for experts can improve and implement preventive measures to avoid conflicts of interest on their side. Likewise, it will be pertinent to clarify to whom the experts are accountable to (i.e., to whom they deliver their reports: a specific directorate, the general directorate, the Board?).

While GACM implemented coordination mechanisms with the Project Manager by creating an Executive Steering Committee, Mexico’s Government, with the active leadership of GACM, could create a horizontal steering committee including all stakeholders, such as SCT or SFP. In other large infrastructure projects, the lack of effective engagement with stakeholders has been identified as one of the most common causes for project failure (Infrastructure, UK, HM Treasury and Lord Deighton, 2014). Additional developments of the NAICM being under the responsibility of other institutions and ministries such as CONAGUA further call for the implementation of a horizontal steering committee to ensure a co-ordinated interaction between the diverse entities in charge of the successful and timely development of this infrastructure project.
Building block 2015: In designing appropriate award criteria and adequate frameworks proportionate to need, GACM could facilitate access to procurement opportunities to competitors of all sizes and help identify proposals offering the best value for money

The OECD review from November 2015 provided options to facilitate access to the different tenders and improve the design and quality of awarding criteria, adapting it to the different purposes, without changing the existing legal and regulatory framework.

Progress made

To improve awarding criteria and qualification requirements, while advancing competition, GACM reported having created sub-committees to review the tender documentation, including the evaluation criteria, before their publication in CompraNet, with the participation of all relevant areas of GACM, external advisors, and the OIC. While this action is a relevant step towards a more robust procurement process, there is still a formalistic approach that limits its potential. The review of the tender documentation and evaluation criteria is indeed for now limited to an assessment against the normative framework, whereas the scale and magnitude of the project would support, beyond being legally compliant, tailoring to the complexity of the project. This may require flexibility from SFP, being the public procurement regulator.

Drawing on initial experiences, GACM designed templates, checklists and standard documentation for tenders, which is a major improvement to facilitate the participation of bidders. Models for contract and Standard Bidding Documentation are a key factor to provide a stable procurement environment and ensure better participation and enhanced competition. The outcomes of the first package, and notably the ratio of bids qualified for financial evaluation against the total number of bids received, strongly advocates for pursuing the efforts started on standard bidding documentation. Indeed, only 7% of the 116 offers received competed both on technical and financial requirements.

Areas for improvement

Although representing a minimal share of the construction budget and being just one example, the outcomes of the tender relating to excavation trials and pile testing which led to a cancellation of the process, further supports the exclusive use of points-based evaluation criteria in other tenders considering the scale and complexity of the works. Indeed, this tender used a binary evaluation system whereby compliance with technical requirements are assessed on a pass or fail basis. However, the complexity of the works at stake implies that requirements do not all have the same technical importance in the successful completion of the project.

In contrast, points-based award criteria were used for the package tenders following that of excavation trials and pile testing. Using binary evaluation systems forces the Corporate Directorate for Infrastructure, responsible for the drafting of the technical elements of the tenders, to cautiously formulate each of the requirements in order to precisely assess whether they are mandatory from a technical viewpoint or just nice-to-have technical features. As shown in the tender relating to excavation trials and pile testing, it could lead to the cancellation of the process if those requirements are not meeting market capabilities. GACM should therefore only consider points-based award criteria in future tenders not only to ensure that proposals are assessed against their relative merits but also to avoid being in a situation favouring the recourse to direct awards.

The packaging strategy, in dividing the construction of the infrastructure into highly specialised technical lots, promotes in itself the recourse to tailored evaluation criteria and weightings adapted to the specific characteristics of each package. While the Ministry of Public Administration developed general guidance on criteria and weightings for the points-based evaluation system, GACM could additionally adapt this standard guidance by submitting alternative assessment frameworks to SFP’s unit responsible for public contracts (Unidad de Normatividad de Contrataciones Públicas). In doing so GACM would therefore provide to SFP a greater understanding of the project’s complexity and magnitude which could support the development of tailored assessment frameworks allowing for the identification of proposals offering the best value for money.
Box 2.3. Award Criteria and Weightings in Heathrow Airport Expansion

Complex award criteria call for robust guidance for bidders. Heathrow developed a standardised approach to tender evaluation with an assessment system structured against three main components adapted to the nature of the works. Efficient award criteria and weightings in competitive procurement processes allow for better identification of value for money and provide competitors with sound and standardised response frameworks so as to ensure streamlined, fair, and transparent comparative assessments.

<table>
<thead>
<tr>
<th>Criteria or Envelope</th>
<th>Headings</th>
<th>Weightings</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre Qualifications</td>
<td>Minimum turnover, Minimum size, Minimum Risk Score, Minimum Financial Health Score, Minimum Financial Ratios, Minimum Tech Spec Requirement, Minimum requirements related to industry standards/certifications, Scope of Service confirming the bidder is able to carry out the works</td>
<td>Pre-qualifying questions are set according to the project specifications and requirements. Certain questions can be a hard stop and must be passed for bidders to continue to the technical and commercial evaluation stages.</td>
<td>These questions are not scored</td>
</tr>
<tr>
<td>Technical</td>
<td>Delivery Methodology, Resources, Behaviours, Innovation, Information Management, Quality Management, Risk &amp; Value Management, Health &amp; Safety, Sustainability</td>
<td>% Weighting, % Weighting, % Weighting, % Weighting, % Weighting, % Weighting, % Weighting, % Weighting</td>
<td>50% - Weighting can be adjusted according to importance</td>
</tr>
<tr>
<td>Commercial</td>
<td>Commercial (cost, price, and value)</td>
<td>50% - Weighting, % Weighting, % Weighting, % Weighting, % Weighting, % Weighting, % Weighting, % Weighting</td>
<td>Total overall combined and weighted score</td>
</tr>
</tbody>
</table>

Detailed assessment questions also provide for seamless integration of contract management aspects into the selection phase of suppliers. For example, to assess the delivery methodology of bidders (i.e. capability to deliver the requirements and ability to manage logistics and to integrate and manage schedules), they were asked to respond to the following questions:

- What overarching governance arrangements will be put in place to ensure the effective delivery of your solution?
- How does your organisation provide assurance that works are fully integrated at each stage? What tools and techniques are used?

Developing this framework for assessing bidder’s capacity to deliver the project according to the agreed requirements also helped designing the corresponding service level agreements to allow for on-going contractual performance assessment:

- Accurate and on-time reporting of the agreed key measures are being received as per the contract.
- Baseline vs. actual milestone SLA’s as per contract are being achieved.

Source: Adapted from Chris Howe (2015), Presentation given in the workshop on procurement strategies held on 15 October 2015.
Building block 2015: Sound contract design, including renegotiations mechanisms, and post-implementation contract management could allow GACM to drive efficiency throughout the entire procurement cycle

Solid contract execution is a key factor for a successful delivery of infrastructure projects and gets even more importance given the nature and complexity of the works, as well as the interdependence of some of the packages and the duration of the contracts, which make them prone to renegotiations.

Progress made

In this field GACM reported that there is a mechanism in place to improve contract design and contract templates, by using the experience gathered in the previous tenders. This process is supported by external legal and administrative consultants. They also refer to the existing legal and regulatory framework that is not favouring the renegotiation of contracts, to explain the lack of contractual provisions related to this possibility. Indeed, the Bylaws on Public Works provide the overarching framework for contract management. The Bylaws detail roles and responsibilities of each party and identify the supervisor (*residente de obra*) as being the focal point to ensure contract execution.

In terms of evaluation of the performance and the establishment of Service Level Agreements (SLAs) for contract execution, GACM stated that these tools are now in place and being utilised by the contract supervisors to monitor and report back to the Infrastructure Directorate (DCI). Evidence in CompraNet for contracts already signed and deriving from the packages do not however support this statement. Indeed, those contracts do not include provisions allowing for on-going performance measurement such as key performance indicators, escalation procedures in case of unanticipated change, etc. Service Level Agreements not only allow the parties to define performance outputs in the delivery of the work, but they also provide for opportunities to coordinate potential adaptations of works delivery according to changing conditions.

Areas for improvement

Considering the current status of the project, most of contracts requiring a thorough contract management are still to come. Nevertheless, the insufficient capacity in GACM may affect the contract execution phase and needs to be addressed to prevent inadequate contract management when it will be most necessary, in the years 2017 and 2018. To support contract management activities, GACM should ensure a systematic implementation of Service Level Agreements to allow for suppliers’ performance objective measurement.

A robust and thorough contract management is more than ever needed to ensure that suppliers are carrying out the works according to the requirements and on time. If delays in contract execution materialise, they would indeed put at risk the overall deadline for completion of the project, as also recognised by the Project Manager.

Although the Law on Public Works foresees all situations and cases where renegotiations of contracts could happen, it does not include detailed provisions on governance mechanisms for those renegotiations. To ensure rapid responses to changes in contract execution, therefore minimising delays, GACM could further develop in the contract templates roles and responsibilities of the parties and risk distribution mechanisms against various situations (natural disaster, changes in the design, disruption of raw material supplies, etc.) already identified as potential risks affecting an infrastructure project of this magnitude. This would frame and help the subsequent negotiation process.

In addition, GACM could assess the performance of contracts currently under execution and ask itself whether they have stick to timelines, costs, and quality requirements. If these conditions have not been met, one would expect GACM would have applied sanctions, so that suppliers take contract management seriously. This recommendation applies not only to works contracts, but also services and acquisitions. For example, GACM could assess to what extent the PMO or the master architect or any other contract is performing well.
Building block 2015: GACM could implement procurement strategies aiming at facilitating access and increasing attractiveness of public procurement operations, while pursuing other policy objectives

The OECD review from November 2015 identified several areas where GACM could reduce the barriers to participation, either related to the use of electronic means or by adapting and changing the standard content requirements to improve the participation of bidders and reduce transaction costs. It also encouraged GACM to better use market research to establish good benchmarks and evaluate the existing pool of potential bidders.

Progress made

In this regard, during the last months, GACM utilised the sub-committees in charge of revising the tender documents to address the concerns related to the choice of procedure and the utilisation of results from market research. At the same time, it reported to the OECD during the fact finding mission that the market research was not as effective as it should be due to the lack of available and comparable situations that could serve as reference, so the basic budgeting process is being used due to the specificities of the project. In any case, it was also mentioned that Parsons’ risk team is participating in the market research for all tenders in order to provide a better understanding of the existing context for airport development around the world.

As mentioned before, a working group has been created with CMIC aimed at addressing existing obstacles related to the participation of potential bidders in several areas. As a result of this joint effort, GACM improved the forms for the presentation of information in the tenders, with the creation of templates for presenting proposals.

Areas for improvement

From the assessment, it is evident that GACM’s approach to market research is the one described and required by the law, and it is not utilising its potential to improve the quality of the procedures, but also the choice of the type and the ensuing competition. More should be done to ensure that the Group is capable of taking advantage of the accumulated knowledge of its advisors and move away from a pure formalistic approach. The expert panel that was created should be extended to other fields and teams with multi-expertise should be set for the main tenders.

Experience faced by GACM in the first tenders that have already been concluded further supports the development of efforts to increase the attractiveness of procurement processes. Indeed, and although the first tenders attracted many bidders, most of them did not succeed in being qualified for the final stage of the competition. Considering the investment necessary to respond to tenders of an unusual complexity, tenderers should be provided with a reasonable amount of time to prepare their responses so material errors could be avoided. In average the timeframe to submit an offer for the first package of the NAICM was only about four weeks. Infrastructure Australia (2012) benchmarked practices in infrastructure projects and evaluated the adequate timing for submitting a response to complex projects being between 12 to 16 weeks.

Also, GACM could foster the attractiveness of its tender processes by integrating, whenever possible, follow-up maintenance activities. The Ministry of Public Administration confirmed in a note dated from 5 November 2015 that the Law on Public Works does not prevent GACM to include such activities in tenders. Including this work into the packaged tender could help foster competition by providing bidders with additional revenue sources. Should the implementation of the initial works being based on proprietary techniques or materials, it will also avoid unnecessary future exception to public tender based on Article 42 Section I of the Law on Public Works.
Building block 2015: GACM could engage in transparent and regular dialogues with suppliers, business associations and experts to decide the most efficient procurement process, its openness, and design effective technical specifications and appropriate award criteria

The OECD review from November 2015 encouraged more consistent, enlarged, and clear interactions with the market, to allow GACM to understand its structure, dynamics, and capabilities.

Progress made

The NAICM project registers relevant progress in this field. In fact, the abovementioned engagements, in different modalities, with different stakeholders like the CMIC, CANAERO, UNAM or IPN referred in 2.1 helped improving the interactions but also the outcomes, as this exchange is contributing to improvements in the procurement process. At the same time, the Corporate Planning, Evaluation and Outreach Corporate Directorate keeps a continuous contact with stakeholders, to improve the design and implementation of the project.

Upon the suggestion of the OECD, SFP established the Accompanying Working Group (Mesa de Acompañamiento) to provide advice to GACM in the tender process for the terminal building, which is the largest single tender of the entire project, with an estimated value of around USD 4.5 Billion. The creation of this group is seen as a major stepping stone towards a more coordinated action between the implementation agency, GACM, and the policy maker in charge of public procurement, SFP. During the assessment, positive feedback was given from both sides regarding the usefulness of this mechanism. As mentioned in the review, the OECD strongly believes that this collaboration and modus operandi should be extended to other relevant procurement packages, to reduce the uncertainty level and improve the tender documents.

As part of the enhanced dialogue with suppliers and business associations, GACM promoted several meetings with potential bidders from different sectors and issued a random anonymous survey to the participants in the tenders to understand their impressions and concerns, and work on potential improvements. The survey was launched in April 2016 and got 22 replies from 40 suppliers. Despite the existence of some methodological issues, that are going to be corrected in future surveys (the next forecasted for December 2016, with the support of CMIC and the Consulting Businesses Chamber), the responses showed a good acceptance of the procurement process, saying it was strengthening its transparency and integrity.

To guarantee a broader scope of participation from the civil society in the procurement process, GACM lowered the threshold for the utilisation of social witnesses from MXN 300 million (required by law) to MXN 100 million, which is considered a positive sign of openness and transparency.

The clarification meetings and the publication of the responses given by GACM in CompraNet is also a good example of the increased attention developed by the Group to this topic.

Areas for improvement

The national or international dimension of the packages is of paramount importance to ensure that tenders meet market capabilities notably minimising the risk of absence of qualified responses as already experienced in one tender. The Law on Public Works states that international open tenders can be carried out on the basis of previous market investigations.

Market research carried out by GACM primarily verifies whether comparable works have been carried out in the past in CompraNet. Identifying such works allow GACM to decide upon the type of procurement process to be used in the envisaged tender. Although similar works could be found in CompraNet, they can hardly be compared with the scale and magnitude of the NAICM packages. GACM recently developed a template for market analysis going beyond information retrieved in CompraNet, yet the analysis solely focuses on whether suppliers have been contracted in the past for comparable works.
These efforts could be further complemented by an assessment of not only the existence of suppliers, but also evaluating their business structure, client base, and performance in previous contracts. These elements could provide GACM with more relevant information considering the scale and complexity of the NAICM construction. Also, market analyses could support decisions on the structure of the tenders. Therefore GACM should reconsider its approach towards market analyses as they play a crucial role in defining the most efficient procurement process, thereby mitigating the risks of delays or the use of discretionary procurement processes (direct awards).

Building block 2015: GACM could consider all available means to foster participation of SMEs in the NAICM project

Given the size and the nature of the NAICM project, the participation of SMEs in an adequate and proper way is a huge challenge. The OECD review promoted the use of multiplying factors to reward contractors with clear strategies to engage SMEs, either directly or through subcontracting, while showing examples of SME engagement.

Progress made

The NAICM project is progressing well considering the existing restrictions in what concerns SME support. In fact, GACM signed a collaboration agreement with the Banking Institution for Development (Nacional Financiera, S.N.C., Institución de Banca de Desarrollo – NAFIN) in order to facilitate the participation of SMEs in the construction of the NAICM through the following support modalities: (i) financing; (ii) Productive chain programmes; and (iii) capacity building. This agreement will provide additional financing facilities to the SMEs that are working for the project, either directly or indirectly. In addition, GACM is using the points system to give additional scoring to the contractors that commit to subcontract SMEs.

Areas for improvement

While GACM is using in some tenders a scoring system allocating additional points to bidders committing to subcontract SMEs, the additional points (0.5 points) provide little incentive for promoting the integration of SMEs in bidders’ supply chains. Being a stand-alone award criterion, GACM has the possibility to deviate from the general guidance established by SFP and allocate further additional points in packages where SMEs access could be promoted. This approach should however be balanced so not to harm the achievement of procurement processes’ primary objective: value for money.

Building block 2015: GACM could implement risk management strategies, allowing for the identification of threats and mitigation measures

Risk management is crucial for a successful delivery of infrastructure projects, therefore it is essential to design and implement a comprehensive strategy to address this factor, including the establishment of monitoring and evaluation mechanisms, as pointed out in the OECD review from November 2015.

Progress made

In May 2016, GACM established the Risk Committee, with the participation of the PMO - Parsons, with the objective of addressing and monitoring the potential risks identified in the development of the project. However, there is no specific department in GACM’s organisational structure in charge of following up, monitoring, and mitigating risks. With the support of an external consultancy, the Group started a corruption risk mapping process for public procurement procedures. Currently, GACM has implemented preventive measures over the risks already identified, like enlarging social witnesses’ participation below the threshold, developing integrity declarations for
external advisors, and Conflict of Interest declarations for public officials, or live transmission of the
bid opening and adjudication events.

With the support of the OECD, a workshop on corruption risk mapping was held last May with
the participation of the Superior Audit Body (Auditoría Superior de la Federación, ASF), SFP, SCT,
GACM, and the OIC. The OECD prepared and presented a framework to address risk mapping and
mitigation and to give the capacity to GACM officials to use it.

Areas for improvement

Nevertheless, in spite of the actions mentioned, the risk mapping and corresponding mitigation
strategies developed by GACM are still far from completion and need a more comprehensive vision.
As shown in Box 2.4 below, risk management strategies in large infrastructure projects call upon a
framework addressing their scale and magnitude.

<table>
<thead>
<tr>
<th>Box 2.4. Characteristics of good risk management</th>
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<tr>
<td>Effective Risk Management should ensure that:</td>
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<tr>
<td>• There is clarity of the objectives of the project and the allocation of risk between sponsors, stakeholders, and supply chain is well understood.</td>
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<tr>
<td>• The project leadership recognises the importance of risk management and actively promotes its implementation and use at all levels of the project.</td>
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<td>• Senior managers challenge the risks to the project and understand the organisation’s risk appetite.</td>
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<td>• A formal risk process exists, and is used by the organisation to support design and delivery activities.</td>
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<tr>
<td>• The project has a comprehensive understanding of its assumptions, uncertainties and risks, and can make a reasonable quantitative assessment of their impacts on cost and schedule forecasts.</td>
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<tr>
<td>• A consideration of risk - both quantitative and qualitative - is used to inform decision making.</td>
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<tr>
<td>• Risk management is recognised by internal and external stakeholders as an effective component of the assurance framework.</td>
</tr>
<tr>
<td>• Inputs and outputs of quantitative risk assessments are shared with sponsors and funders to provide confidence on delivery commitments.</td>
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GACM mandated a consulting firm to develop a risk mapping linked to procurement processes in
the NAICM project. While it demonstrates recognition by GACM management of the importance of
risk management, the initial risk matrix does not sufficiently address all project risks. Indeed, the risk
mapping mostly focuses on general risks linked to procurement processes such as lack of
communication between different stakeholders in procurement processes, absence of compliance with
the law, or delays in the signature of contracts.

The risk mapping developed to date does not take a holistic approach to the project. One major
consideration missing in the risk assessment is the overall procurement sequencing and how this
structure could impact project delivery. Indeed, the risks posed by the timeline of the project and its
impact on available resources in the private sector, the potential delay caused in one package and
influence on others procurement processes are all absent from this risks assessment. These different
considerations, among others, would however be relevant to inform strategic decision making.
2.3. Integrity and Transparency

Building block 2015: Promote a culture of integrity through raising awareness of corruption risk, as well as integrity standards and structures within the GACM; and engaging suppliers so that they develop their own integrity standards in relation with their dealings with the GACM

The 2015 OECD review found that despite Mexico’s ongoing commitment to reinforce its anti-corruption legal and policy framework, GACM was not actively promoting a culture of integrity and had not put in place specific anti-corruption and integrity measures and programmes in its procurement function beyond what is required by federal regulations. The OECD considered that GACM would benefit from raising awareness of corruption risks and promoting a culture of integrity, particularly in its procurement processes, as it would allow decreasing its operation costs, boosting employee satisfaction and morale, and increasing trust from the public.

Progress made

GACM undertook a series of measures to instil a culture of integrity by reinforcing and publicising its new Code of Conduct, and requiring civil servants involved in contracting procedures to certify they will act with integrity and disclose potential conflicts of interests. Private firms are also required to respond to an anti-corruption questionnaire, sign a conflict of interest declaration, and certify that they will comply with GACM’s anti-corruption and integrity principles before participating in tendering processes.

GACM has successfully implemented some of the pillars on which rely sustainable cultures of integrity. Following an evaluation by the SFP, the structure and content of GACM’s recently implemented Code of Conduct was deemed as fully consistent with the ethics code of Federal Government public servants and with the integrity rules for the exercise of public functions. Moreover, GACM’s Ethics Committee received the rating “excellent” following an evaluation by SFP’s Special unit on ethics and prevention of conflict of interest. To highlight its role and profile, the work of the Ethics Committee will be shared on GACM’s intranet, and a contact person for personnel will be clearly identified.

A training module on the Code of Conduct is provided to all new GACM employees, in addition to awareness raising activities on procurement automated systems and corruption risk mapping, which included workshops organised jointly with the OECD on 29-30 January and 16-17 May 2016. The Internal Control Body (OIC) and the SFP have also committed to provide training on the notion of integrity and the purpose of reporting to encourage the correct use of reporting mechanisms and prevent misuse.

GACM has been active to increase collaboration with external stakeholders in order to promote integrity with respect to its activities. It has simplified its procedures for reporting wrongdoing, either through GACM or SFP websites. It also held meetings with the CMIC, which involved the participation of the OIC, to ensure that bidding firms abide by procedures and integrity standards established by GACM.

Areas for improvement

The new Code of Conduct, which was amended in line with the guidelines released by the SFP in August 2015, has further clarified standards in GACM and was the result of a consultative process between the OIC and GACM. To facilitate its implementation, the code could be

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16 Acuerdo que tiene por objeto emitir el Código de Ética de los servidores públicos del Gobierno Federal, las Reglas de Integridad para el ejercicio de la función pública, y los Lineamientos generales para propiciar la integridad de los servidores públicos y para implementar acciones permanentes que favorezcan su comportamiento ético, a través de los Comités de Ética y de Prevención de Conflictos de Interés
complemented with guidelines and practical examples on how to face ethically challenging situations and dilemmas, as well as standards on the management of confidential information.

The two conflict of interest forms established by GACM, i.e. the Declaración de Posible Conflicto de Intereses and the Manifestación de Integridad, constitute a strong step into mitigating conflict of interest risks in the procurement process. However, there is no systematic screening and review process of declarations of private interests to identify potential conflicts. The sole disclosure of private interests, without corresponding review processes and mitigation measures, may turn out to be counterproductive. As all staff is potentially vulnerable to conflicts of interest, GACM should systematically review all declarations of private interests and develop standardised responses to each type of potential conflict of interest situation that may occur. However, as the risk of conflict of interest may vary significantly from one public institution to another, a proportional response adapted to each type of risk is required. GACM may wish to first prioritise its resources on higher risk functions, such as senior level positions of high influence on policy and decision-making, officials involved in procurement and investment activities, and officials responsible for human resources management and related activities.

The GACM could also keep track of the conflicts of interest that have been recorded through mandatory declarations and integrity statements, in order to assess whether these have helped to identify and manage situations that could have led to integrity breaches. So far, the GACM shared with the OECD one potential case of conflict of interest that has been detected by their system, and that is currently being analysed. The OECD will monitor the outcomes of this case and to what extent the risk of conflict of interest has been effectively mitigated.

In addition, conflict of interest measures would be more effective if they were part of a more comprehensive conflict of interest policy that would outline the overall approach and establish clear objectives in terms of avoiding and mitigating conflicts of interests for GACM staff. Beyond the sole disclosure of private interests, the underlying general objective of a balanced conflict of interest policy is to maintain the objectivity and integrity of management and operational decision-making in public policy. In particular, a balanced conflict of interest policy avoids general prohibitions to hold certain private interests, while upholding everyone’s responsibility for the implementation of applicable rules, providing for targeted mitigation measures to offset emerging conflicts, and providing for appropriate accountability and sanctions mechanisms to deter non-compliance.

Furthermore, GACM staff could be specifically trained about how to react to ethical dilemmas and apply public integrity standards in the workplace, in contrast with training that focuses solely on the theoretical knowledge of rules. Such training, which could be organised by the Ethics Committee and given by the OIC and SFP, could support an open organisational culture by covering the notion of integrity and encouraging the appropriate use of reporting mechanisms, as recommended in OECD’s November 2015 report. GACM staff may also benefit from professional ethical and integrity advice when they face difficult situations, which could be carried out by the designated contact person for personnel in the Ethics Committee.

Increased awareness about corruption risks provides more concrete evidence about how the right organisational culture can contribute to offset some of these risks. But more importantly, effectively managing and evaluating risks provides objective evidence about why implementing a strong culture of integrity pays off for an organisation. It involves proactive and ongoing anticipation of emerging issues and the implementation of evolving mitigation measures that shield the project from potentially important financial losses and reputational damages.

Therefore, intermittent mapping of corruption risks would require GACM staff to further reflect about possible risks of integrity breaches inherent to procurement activities. The exchanges between the OECD team and GACM staff show that there is increased awareness of corruption risks among senior staff and those involved in the transparency unit. As a result, it would be helpful for GACM to build on such increased awareness and analyse what is currently being done in different areas to mitigate risks and, now that several tenders are ongoing, assess the impact of those actions to identify opportunities for improvement.
The anonymous procedure to report wrongdoing has been simplified and is more easily accessible through the GACM webpage. However, this procedure would benefit from further visibility through engaging stakeholders, visible statements highlighting the importance of everyone’s duty to disclose misconduct in relation with the activities of GACM, as well as from commitments from top management to protect the identity of those who expose misconduct in relation with the activities falling under the responsibility of GACM. In addition, the extent to which the procedure to report misconduct is anonymous or confidential should be clarified on the website. Such actions may contribute to establish a culture of accountability and openness towards discussing ethical concerns and dilemmas, and increase trust in the channels for reporting misconduct.

Finally, efforts have been displayed by GACM to engage with suppliers to promote the development of their own integrity standards and programmes. Meetings were organised with the Mexican Chamber of the Construction Industry (Cámara Mexicana de la Industria de la Construcción, or CMIC) on procurement procedures, the signature of a cooperation agreement, and the establishment of a Transparency Working Group (Mesa de Transparencia), which will coordinate training to GACM personnel as well as to contractors and their employees on transparency and integrity. Although GACM has a limited role in developing integrity and accountability standards for businesses, it could take advantage of the new Working Group to encourage and support suppliers in promoting ethical behaviour and compliance with the law in relation to the airport project.

Building block 2015: Empowering the Internal Control Office by reinforcing its collaboration and advisory role with management and procurement units to promote transparency and effectiveness in procurement procedures

The OECD review from November 2015 found that despite the key role of an OIC to ensure transparency and integrity in the process and continuous improvements in organisations such as GACM, the OIC was only appointed in October 2015. Previously, GACM was under the OIC of SCT, whose involvement was more limited. The OECD considered that the OIC is important not only to ensure the integrity of the procurement process, but also to guarantee that GACM processes and procedures are effectively carried out and tailored to the specificity of each project. The role and profile of the OIC thus needed to be reinforced.

Progress made

GACM has made progress towards raising the profile of the OIC within and outside the organisation. GACM stated that the OIC can participate in all stages of the procurement cycle and that relevant staff can stay in constant contact with the OIC to ask their advice as needed. As discussed earlier, GACM and SFP have simplified their internet procedure to report wrongdoing or submit other complaints.

Areas for improvement

GACM displayed efforts to strengthen its OIC. Recently, GACM’s Board approved the opening up of 24 positions in that body but yet, those positions remain to be approved by SHCP and SFP. Recruiting competent staff has become even more important as the OIC has been given a more strategic role in advising GACM procurement units since it participates in all stages of procurement contracts, from revision of calls for tender up to award decisions. Closer cooperation has also been established by the Deputy Directorate for Procurement (Subdirección de Contrataciones) to provide advice whenever the OIC’s experience and knowledge are required. Since the OIC was established in October 2015, it has been already a year in which its capacities have not been strengthened.

Given the increased strategic advisory role of the OIC alongside procurement units, allowing additional human, financial, and technical resources to the OIC would allow that body to acquire the capacity to systematically provide recommendations to GACM management on observed trends and risks throughout the procurement cycle. Such advice could be provided in writing or through regular consultation, which would also facilitate following up on the recommendations.
Likewise, SFP could reallocate its resources to extend the activities of the Accompanying Working Group to major tenders organised by GACM, given the completion of the tender for the terminal building (projected for December 2016). The SFP Accompanying Working Group disposes of strong expertise and technical knowledge, but it was only given the mandate to collaborate on the tender of the terminal building. The involvement of the Working Group could be prioritised on the basis of the level of risk involved, as well as the value, strategic importance, perceptions of lack of transparency and fairness, past experience, as well as the national and international impact of the project, bearing in mind the limited resources in SFP.

Finally, as discussed above, GACM’s OIC could develop a comprehensive policy statement that would commit to analyse and investigate disclosures of misconduct, to update the whistleblowers on the outcomes of their disclosure and to protect the confidentiality of their identity or to respect their desire to remain anonymous. To reinforce transparency, credibility and trust, the whistleblower policy statement should outline the procedure that underlies each of these policy objectives, including any alternative communication channel to disclose misconduct outside the OIC, as applicable.

Building block 2015: Reducing corruption risks in all phases of the procurement cycle through the design of a corruption risk management strategy, more involvement of external observers, standard bidding procedures and enhanced internal controls to detect corruption.

OECD’s previous review (November 2015) found that the risk map developed and provided by GACM did not include the risk of corruption, and as such it did not address integrity breaches such as contract splitting, bid rigging, improper use of exceptions, inadequate bid evaluation or tailored specifications. Thus, the OECD advised the GACM to develop a corruption risk management strategy for the organisation and its processes in order to identify the positions that are particularly vulnerable, the activities in the procurement cycle where risks can arise, and the specific projects at risk due to the value and complexity of procurement.

Once the risk map has been designed, the OECD advised GACM to use a system of red flags, which are standardised warning signs that stretch over the whole procurement cycle and that assist in the detection of misconduct in a timely manner.

Finally, the OECD advised GACM to develop an integrity plan to facilitate the implementation of mitigation strategies following the risk mapping exercise. This would allow to ensure adequate controls are developed to mitigate such risk and that all parties involved in the process are aware of existing integrity risks and mechanisms, as well as their own responsibilities.

Progress made

GACM sought external support in order to build an effective risk management strategy. It has engaged with the OECD to organise a workshop on 16-17 May 2016 in GACM premises to build capacity in developing the risk mapping and to support the development of the mapping tool. In parallel, GACM hired a consultancy to complete the risk management strategy already developed by Parsons, but that did not include corruption risks. Relevant GACM staff and line managers have participated in the development of the risk map through interviews and questionnaires, in addition to the experience of the consultancy and its direct participation in tender design and organisation. Moreover, the consultancy is planning on briefing GACM’s Director General on the design of the risk map as well as on the implementation of measures to mitigate integrity risks.

The GACM has also expanded the possibility for civil society and other professionals to observe public contracts adjudication procedures throughout the cycle, and it has standardised contracts, calls for tender, and implemented open bidding procedures to increase transparency and decrease discretion. Annex 3 describes the safeguards and controls implemented by GACM in each stage of the procurement cycle for the 21 packages.
To ensure that existing internal integrity mechanisms are known by and applicable to consultants, outsourced personnel and subcontractors, GACM demands a declaration of integrity from all consultants, and the firms commit to operate in accordance with principles of integrity and anti-corruption applicable to GACM.

Areas for improvement

The development, implementation, and monitoring of a comprehensive risk management strategy requires in-depth knowledge of an organisation’s structure, business model, decision-making processes and operational activities, in order to fully ascertain all risks that could prevent the organisation from achieving the objectives that have been set by top management. This is why internal resources are often responsible for leading risk management, although they can be supported by external resources as necessary.

That being said, OECD recognises the limited staff and technical capacity for risk management in GACM. While the OECD reiterates that the risk management function of an organisation should not be fully outsourced to a third party, it may be appropriate to seek external support as long as external resources are overseen and accompanied by GACM staff who have broad horizontal and in-depth knowledge of GACM activities, as well as of the organisation’s general orientations and objectives. Because risk management is central to the success of the project, internal and external resources that are responsible for this exercise should ensure it is subject to ongoing oversight by the highest level of management. For instance, GACM should consider abiding to the common management practice of delegating the authority to supervise the design, implementation, and monitoring of the risk management strategy to an independent member of the board of directors with the appropriate training and expertise. GACM should also appoint an operational official responsible for the risk management function, who in turn would report to the Board. The mere process of developing and overseeing the implementation of the risk management internally also raises awareness of the risks and creates ownership by the organisation of both the risks and mitigation strategies.

The mapping developed by the consultancy is a first step in the right direction and includes many of the key elements of a risk assessment, such as description of risks with related controls, as well as the risk “owner.” But compliance with risk management international good practices warrants a number of improvements. The methodology underlying the risk management strategy provided to the OECD can be enhanced to mitigate potential shortcomings that raise concerns about the scope and depth of the assessment as a tool for managing risks, and the frequency with which GACM intends to update the strategy to respond to the ever-evolving risk environment. Relying on the mere inventory of commonly encountered integrity risks in public procurement as a risk mapping exercise runs the risk of overly relying on a one-size-fits-all, check-the-box approach, that will likely not succeed in adequately assessing the effectiveness of existing controls, and in proposing appropriate controls resting on a cost-benefits analysis.

In addition to the fact that GACM staff and managers were not sufficiently involved in the design of the risk management strategy, many of the corruption risks identified appear to be control weaknesses rather than actual risks (i.e. fraud or corruption schemes – collusion, bid rigging, management override, etc.). The document would benefit from further clarification about the difference between risks (i.e. what events or conditions that could preclude the achievement of GACM’s objectives) and potential consequences (i.e. what are the likelihood and impact of the risk occurring). Finally, the mapping did not include risk scoring for both inherent and residual risks, therefore making it difficult to assess the effectiveness of controls on the risks identified and the need for additional mitigation measures.

As before, the OECD highlights the importance of developing a comprehensive corruption risk management strategy in order to identify the level of potential risk, inform anti-corruption strategies, and address weak areas in a governance system. As stressed in the November 2015 report, it is particularly important to accomplish a corruption risk assessment at an early stage of a project, because it allows management to proactively implement measures to protect the project from mismanagement and corruption, and helps employees respond quickly and efficiently to potential
irregularities. In other words, mapping the risk of corruption is more cost-efficient and less time-consuming than having to handle \textit{ex post} corruption cases and misconduct.

It is not too late for GACM for developing a comprehensive risk management strategy and establishing a strong risk management function, as the NAICM project is still at an early stage. Yet, for this to happen GACM should:

- Link its risk management strategy to the main strategic objectives for the successful delivery of the NAICM (e.g. delivering the project within agreed timelines and budget; achieving high quality infrastructure; compliance with laws and regulations while executing the project; promoting transparency and inclusiveness in the realisation of the project; etc.);
- Delegate the responsibility to oversee the design, implementation, and monitoring of a comprehensive risk management strategy to an independent member the Board of Directors;
- Ensure the risk management strategy is based on methodology that is consistent with international risk management best practices (ISO 31000: 2009; COSO 2013);
- If the support of external resources is required, appoint staff (technical experts and senior managers) that will be jointly responsible for designing, implementing, and monitoring the risk management strategy, and that will report to top management and the Board of Directors.

\textit{Building block 2015: Enhancing transparency and access to information with respect to the construction of the airport by publishing all relevant information on its website and providing clear definitions of the procurement procedures and of the most common exceptions to public bidding}

The previous OECD review found that GACM could build on Mexico’s existing law to give a clear and consistent channel to access information, which could strengthen public trust in GACM’s various projects. In Mexico, the law makes the proactive disclosure of information mandatory for a wide range of areas including on the structure of the entity and its procurement. In 2007, Mexico entrenched access to information as a fundamental right through constitutional amendments. The National Institute of Transparency, Freedom of Information and Data Protection (\textit{Instituto Nacional de Transparencia, Acceso a la Información y Protección de Datos Personales}, INAI) -formerly IFAI- was established by law to effectively guarantee citizens’ access to information. INAI also ensures that information is proactively published and disseminated.

\textit{Progress made}

The GACM has strengthened the Transparency Team by adding two officials coming from INAI. These officials have provided training to the Transparency Team, and then to all GACM personnel on ethics, the General Transparency Law, archives management, and classification/declassification of information. GACM also established its Transparency Committee and trained all its members. At the same time, the GACM created a Working Group on Transparency with the CMIC, which will organise transparency training, analyse GACM’s transparency from a business perspective, and identify issues in order for GACM to advance proactive transparency. With regards to open data, GACM has uploaded 200 contracts in open data format in the national portal (http://datos.gob.mx/busca/organization/gacm) to meet the new legislative requirements and commitments within the Open Government Partnership (OGP). This responds to a commitment made by Mexico’s President during the OGP Summit (Mexico City, 27-29 October 2015) to align NAICM to the open contracting standards. This commitment was reiterated by Mexico during the Anti-
corruption Summit (London, 12 May 2016).\textsuperscript{17} In fact, GACM is the leading entity among Mexico’s Federal Government institutions in the implementation of open contracting.

In compliance with freedom of information regulations, GACM responded to 105 information requests filed by citizens during 2015. Eleven of these cases ended up in challenges in INAI.\textsuperscript{18} From January to June 2016, GACM responded to 70 information requests, out of which just one has been challenged.

The OECD and GACM organised two workshops in GACM premises to discuss the development of a portal that would contain basic but comprehensive information on GACM procurement. The first one on 19-20 January 2016 discussed lessons learned from the experience of the Expo Milano website together with Professor Giovanni Menduni, the Italian expert that developed the website. As a follow up and to support GACM in organising the data and preparing the website and visualisation tools, the OECD and GACM organised a second workshop on 16-17 May 2016.

**Areas for improvement**

The OECD welcomes GACM’s endeavour to start publishing procurement information on its website, including the upload of 200 contracts in open data format on the national web portal (http://datos.gob.mx/busca/organization/gacm). Mexico is one of the pioneers and important supporters of open contracting, and this constitutes a first step towards abiding by its commitment towards transparency and open contracting for the NAICM.

In this effort, GACM followed the open contracting standards with regards to the information items and the format in which they should be published. Users can get to information of these contracts directly in the datos.gob.mx portal or through GACM website. To get a step further, the GACM also needs to streamline the data to make it more intelligible for the average citizen on an ongoing basis, as the project evolves. Indeed, full transparency implies presenting the data in different formats that are suitable for different stakeholders. For example, the data can be presented in a plain, aggregated, and simplified format for the average citizen, while being available in disaggregated formats with sufficient detail for technical analysis, evaluation, and participation. Full transparency also implies making information on project planning and implementation available on a timely and accurate basis to permit analysis, evaluation, and monitoring by relevant stakeholders.

To achieve these objectives, GACM could focus its efforts at two levels. First, it should ensure that all relevant contract information, from the early stages of the award process all the way to the final implementation, is made available in real time so as to update stakeholders and website users effectively. In order to secure the appropriateness and to streamline this process, the Office of Digital Strategy of the Presidency and GACM could finalise a clear policy that governs the update process and the scope of the disclosure. GACM staff is currently working on a procedure that would allow updating the website automatically in order to avoid ineffective and resource intensive manual procedures.

Second, the GACM and the Office of Digital Strategy of the Presidency could allow for an easier visualisation of the evolution of the project and related contracts. The section on the packages of GACM website contains useful and updated information on GACM’s procurement procedures, but the information could be presented in a more user-friendly way to make it accessible for a larger range of stakeholders. Therefore, in addition to all the data that is already posted on the web portal, GACM and the Presidency could select key data points that would feed into an additional automated procedure that would allow for an overall, simplified visualisation of the whole project. If appropriate automated indicators are used, the required procedure can be relatively simple. This simplified visualisation scheme should be used to display operational and budget progress of the NAICM project.

\textsuperscript{17} In order to strengthen rule of law, on 12 May 2016, within the framework of the Anti-Corruption Summit, Mexico became a founding member of the Contracting Alliance 5 (C5) together with Colombia, France, Ukraine, and the United Kingdom. This alliance is a network of countries seeking to effectively implement the Open Contracting Data Standard (OCDS) to eliminate corruption in public procurement processes.

\textsuperscript{18} Such challenges proceed when citizens are not satisfied with the response provided by the public entity, in this case GACM. Challenges are filed in INAI for review.
to allow stakeholders to visualise its evolution. Additional information on contract award history, modifications to contracts, and formal complaints could also be made available.

Addressing the transparency opportunities discussed above could advance the establishment of a culture of openness around the project, as well as the monitoring and oversight of procedures and decisions by relevant stakeholders. Subject to the agreement of Mexico’s Presidency, GACM has committed to work on visualisation tools, building on previous efforts, such as the upload of 200 contracts in the open data website, once SIGA is operational and allows automated data management. According to GACM, SIGA should be fully operational during the second half of 2016.

2.4. Communication

Building block 2015: Establish and implement a formal NAICM communications and outreach strategy

The OECD review from November 2015 highlighted that a common weakness in many large projects is the lack of a coherent and effective communications strategy linking the needs, expectations, and concerns of the project’s different stakeholder interests. The communications strategy for the NAICM project has seen a radical change from the moment the OECD review was published. When the OECD was performing its research for the review, there was no GACM team in charge of communications, which was mainly managed from SCT. There was no formal strategy or programme for communications, journalists did not have a counterpart in GACM to facilitate their data collection, and the use of social media was nonexistent.

Progress made

During the last trimester of 2015, GACM put together a team to manage its communications. The formalisation of this team has followed government regulations. On 26 February 2016, the General Directorate on Regulations for Communications of the Ministry of the Interior (Secretaría de Gobernación, SEGOB) approved the request by GACM to develop its own communications annual programme. GACM’s Board also approved the Communications Programme during its first ordinary session of 2016. Currently, SHCP is reviewing the application of GACM to get a budget allocated for communications. Once this budget is approved, the Communications Programme will be formally registered in the System of Information on Regulations for Communications (Sistema de Información de Normatividad de Comunicación) of SEGOB.

Despite the fact that the Communications Unit is still in process of formalisation, it is already working with six staff members on temporary contracts, including its head. Between November and December 2015, 13 press statements were released and one press conference took place. From January to September 2016, 27 press statements and one informative were released. Six out of the 19 press statements are related to the different phases of tender procedures, while the others communicate actions related to environmental impact control, the financial scheme, and agreements for staff training. In addition, there were 4 034 appearances in media during this period (including newspapers, magazines, radio, TV, and Internet portals). In February 2016, GACM opened its Twitter (@NvoAeropuertoMx) and Facebook (@NvoAeropuertoMx) accounts. The Facebook and Twitter accounts had about 2 285 followers and 1 839 Likes, respectively, until September 2016. GACM had posted until then 2 410 tweets. The Facebook account records 200 000 visualisations (i.e., any type of visualisation in this platform), and a score of 5.0 per person, with an average outreach of 50 000 individuals per week.

The most observed item in these social networks was the picture of an eagle eating a snake, which was seen in the construction site (292 re Tweets and 375 Likes in Twitter; 110 Likes and 34

Shares in Facebook). Likewise, GACM has a YouTube channel (Nuevo Aeropuerto Mx), with 920 subscribers and 130,000 visualisations, including videos of the tender award events, testimonials, and progress of works, rescue of flora and fauna, as well as materials explaining the different construction processes. It is worth noting that such outreach has been achieved without paid campaigns.

From 1 January to 30 September 2016, GACM issued 27 press statements with the following outreach efficiency. The tenders for runways 2 and 3 have led to the highest number of reports in media outlets. Overall, tenders are very attractive news for national media, particularly for the sections on economic and financial issues, as they like to speculate about the participation of major national and international companies. The tenders involving the highest amounts of resources were the ones that attracted the most attention and got most spaces in national and international media. The visit by journalists to the construction site in March 2016 was the event got the second place with 115 appearances. Positive notes refer, above all, to economic issues, such as the issuance of bonds, the awards to the financial scheme, and the economic development that will be advanced by the construction and subsequent operation of the airport.

The existence of a GACM communications team has notably impacted the quality and tone of research journalism, arguably thanks to the information this team has made available to journalists to carry out their work. A noteworthy example is the report entitled “Bitácora de Vuelo” by Denise Maerker, which is the most viewed in her YouTube channel with 32,379 visualisations.20 Another piece “Zona urbana, parque, o ciudad del conocimiento, los proyectos para el AICM” by Carmen Aristegui, was facilitated when GACM answered an access to information request of the journalist.21 As mentioned before, journalists have also benefited from visits to the construction site to illustrate their work. In March 2016, journalists from 40 media outlets visited the site. Furthermore, in that same month, an article on the financing of NAICM was published in the CMIC magazine.

In addition to a Communications Unit, which has allowed the transfer of this function from SCT to GACM, a Committee for Social Communications of NAICM was established on February 2016, with the participation of SCT, the Deputy Ministry for Transport, Parsons (the project manager), as well as the Communications and Transparency units of GACM, the Corporate Directorate for Infrastructure, the Corporate Directorate for Planning, Evaluation, and Outreach, and the Corporate Directorate for Administration and Real Estate Management. The committee met three times during the first semester of 2016 and has the following duties:

- Aligning messages with the NAICM programme.
- Defining tasks, programme, and coordination for communications.
- Developing messages for specific audiences: programme, industry, and general public.
- Issuing guidelines for communications through social media.
- Sharing updated information on NAICM.
- Developing a “red flags” map for GACM communications (i.e., audit findings, exchange rate fluctuation, etc.).

GACM developed its Communications Programme and a Manual for situations of risk, disaster, fortuitous events, and crises during the construction of NAICM. The Communications Programme establishes its objectives, different communication audiences and messages (for stakeholders, industry, and general public and media), activities (see Box 2.5), strategies, including the digital strategy (i.e., website and social media), and the role of the Committee for Social Communications.

20 Available at https://www.youtube.com/watch?v=c3y0smu1TAM.
The Manual for situations of risk, disaster, fortuitous events, and crises during the construction of NAICM aims at anticipating contingencies and the corresponding solutions, developing spokespersons specialised in crises management, preparing specific press statements for each situation, as well as aligning to institutional, legal, administrative, environmental, civil protection, and health protocols.

There are also new road signs in the periphery of the construction site indicating the NAICM is under construction. The Communications Unit is planning to use this kind of signs to provide information of interest for citizens, such as the investment required, the number of jobs created, or the magnitude of the airport.

For all practical purposes, GACM General Director is playing the role of the project’s spokesperson, as he is constantly participating in interviews to answer questions and inform about progress and the main features of NAICM.

Areas for improvement

The work and organisation launched to strengthen the communications of the NAICM project are in the right track. Some additional measures can be pursued to ensure results.

First of all, it is important to complete the formalisation of GACM’s Communications Unit. This has to be illustrated in GACM organisation manual and in the approval of the budget by SHCP. Up to October 2016, SHCP has not approved budget lines for communication activities of GACM. This is particularly important as some actions included in the Communications Programme will imply costs, such as deploying informational campaigns to the wider public and organising focus groups. The lack of a budget has been a binding constraint to implement some of the actions in the Communications Programme. Indeed, there are vacuums of information among the wider public that could be addressed through massive campaigns.

Although GACM has started developing tailored messages for specific audiences, this task would benefit from the input of those audiences. GACM needs to understand better the information

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**Box 2.5. Activities contemplated in the Communications Programme**

- Meetings with different stakeholders:
  - Editorialists, managers, and owners of media outlets.
  - Foreign agencies and media outlets.
  - Mexico’s embassies abroad and diplomatic offices of other countries established in Mexico.
- Business chambers and professional associations linked to the sector.
- Monthly press statements to communicate regarding specific topics and progress in the construction.
- Training journalists on the following:
  - Stages and sequence in the construction of NAICM.
  - Financing programme.
  - Connectivity, access, and mobility.
- Visits to the construction site by journalists every three months.
- Developing documents: Press kit, infographics, numbers, etc.
- Press conferences every three months to inform about progress in construction.
- Special reports to focus communication efforts: Participation by national and cultural media, international outlets and blogs, and communication of visits to the construction site by academic experts.

*Source: Based on information provided by GACM.*
each audience needs and would consider useful. Carrying out opinion surveys and focused groups would be useful for this purpose, but may require resources which the Communications Unit still does not have. This research may also help enrich the contents in the GACM website and social media channels, whose number of followers is still low.

Related to the previous paragraph, there are several initiatives in the Communications Programme that are still to be carried out. For example, monthly press statements, press conferences, and visits to the construction site every three months. These activities would also help close information gaps and address the request by civil society organisations to get periodic updates. In addition, GACM could permanently inform about the progress of construction works through its website as an improved way to address the request of periodic updates.22

Finally, the OECD has reviewed the GACM website, which is constantly evolving. The last time OECD provided feedback it was based on the status of the webpage as of 23 May 2016 relative to previous versions from 2015. Some positive changes have been completed, such as the updating of the information on about 200 contracts to align such information with the one provided through other sources, such as the open data website (datos.gob.mx). The OECD also recommended including in the website the regulatory framework for procurement processes, the criteria, agreements and resolutions dictated by INAI and GACM Transparency Committee, and fixing some broken links. These recommendations were addressed. The annual procurement programmes for 2016 had been uploaded but, as of 29 September 2016, they could not be found anymore. GACM has also uploaded more information on the different items regarding the procurement packages, such as the draft call for tender, the final call for tender, the visit to the construction site, the clarification meetings, the reception of bids, the award statement, and the signature of the contract. However, there is still missing information, such as progress of the works. Given the works that have already started, only a few packages could provide information on such progress, but even for those the information was not available.

Other potential improvements recommended by OECD to the website include making the Frequent Questions section more visible (currently it is at the bottom of the page), fixing the search engine as it is not working, and allowing people or companies to register for newsletters or an e-mail alert service when new information is available (RSS feed). In addition, given the vast volume of information provided through different channels (i.e., CompraNet, GACM website, Transparency Duties Portal, Open Data Portal, etc.), GACM could provide a manual on how and where to find different items of information.

The recommendations above will facilitate the transformation of the GACM website and its interaction with other channels so that they become proactive means to communicate with the general public and provide useful information, supported by a robust data management system.

Building block 2015: Establish and implement an internal communications strategy

The OECD review from November 2015 found that there were communication gaps within the GACM team. Hence, it recommended developing an internal communications strategy and appointing a responsible unit for it. For all practical purposes, the Deputy Directorate for Administration is the leader for internal communications and it was in charge of the development of an Intranet.

Progress made

The Intranet can indeed be the tool to overcome communication bottlenecks and facilitate document sharing on issues relevant for the whole organisation. It includes the following modules: directory, human resources, committees, regulatory stock, corporate directorates, communications, SIGA, multimedia, and internal control body (OIC). In addition, it has banners on training, health, and transparency, as well as a space for organisational tips (i.e., how to use videoconferencing services).

México Evalúa, for example, a think tank part of the National Citizen Observatory proposed in a public article that GACM provides an update report every three months describing progress in the construction.

22
Some of the features of the Intranet merit description. For example, regulatory stock is a space used in most entities of the public administration to consolidate the regulations that apply to their activities. In this way, public officials have at hand a repository of rules to consult in case of doubt. Another good example is the space for the corporate directorates, the OIC, the Communications, and the Transparency units. In these spaces, each area will upload relevant information they want to convey to the whole organisation.

Areas for improvement

The implementation of the Intranet is definitely a relevant milestone in the development of an internal communications strategy. It will be important to formalise the role of the Deputy Directorate for Administration as the leader of internal communications, illustrating this in the amended organisation manual. A few other measures can be taken to facilitate internal communications:

- Developing a document-sharing platform: This is not a platform to communicate news and important information to the whole organisation, such as the Intranet, but rather one to share working documents (i.e., reports, presentations, notes) to allow different individuals and departments to work simultaneously and provide their feedback. This would be particularly useful given the fact that GACM staff is located in different buildings, some far from the headquarters.

- Scheduling and streamlining internal meetings: The OECD team has witnessed that GACM staff spend a lot of time in meetings. While this serves as a mechanism to facilitate internal communications, some meetings could be scheduled with a fixed periodicity and GACM could develop criteria to call meetings and make them as efficient as possible (see Box 2.6).

**Box 2.6. Criteria developed by govleaders.org to manage meetings**

Govleaders.org is a site developed by and for government managers in recognition of the fact that they often face greater difficulties relating to budgetary constraints, bureaucracy, inflexible hiring and firing practices, and external coordination than do their counterparts in the private sector.

Meetings can be unpopular because they take up time - usually that of many people. However, there are good meetings and there are bad meetings. Meetings can be an excellent use of time when they are well-run. Unfortunately, the converse is also true, and it seems that time-wasting, poorly run meetings are far too common. The site proposes six rules for meeting management that can help make meetings more productive and less frustrating. Each of the rules requires commitment from all participants.

- Run your meetings as you would have others run the meetings you attend: This is the golden rule and is based on the principle of being considerate of colleagues’ time.
- Be prepared and ensure all participants can be prepared as well: This entails distributing the meeting agenda and discussion materials (i.e., articles, drafts, presentations) in advance of the meeting (how early depends on the volume of reading or preparation to do) and making sure all participants have access to them. Nobody should arrive at the meeting not knowing what is going to be discussed and what is to be accomplished.
- Stick to a schedule: Start and finish the meeting on time. If people know the organisational culture is to start meetings on time, they will make an extra effort to be there on schedule. The time at which the meeting is scheduled is also important. Emergencies are a reality for most organisations and may require meeting at odd times, but routine meetings should be scheduled at a time that is reasonably convenient for all participants.
- Stay on topic: The organiser and all meeting participants should make sure discussions stay on topic and avoid deviations.
- Do not hold unnecessary meetings: Assess the frequency needed for routine meetings by asking how productive meetings will be at a given frequency and whether such frequency can be less demanding, so as to achieve balance between communication needs and productive use of time.
- Wrap up meetings with a clear statement of next steps and who is responsible: At the end of the meeting, the organiser should summarise agreements and who is responsible to follow up. If the participants leave the meeting and no one is accountable for taking action on the decisions that were made, then the meeting has been a waste of time.

*Source: Govleaders.org, [http://govleaders.org/meetings.htm](http://govleaders.org/meetings.htm).*
3. Recent Evolution

This section addresses the changes that occur in the NAICM project since the OECD review was published in two major cross cutting dimensions that are essential for a successful implementation of major infrastructure projects: Structure and Execution.

The NAICM is an infrastructure under current development and subject to continuous changes and adaptations. Therefore, assessing the evolution of the project against the above mentioned elements is a precondition to support a meaningful evaluation of the progress made and identification of areas for improvement, maximising their impact on the effective delivery of the project.

3.1. Changes in the GACM structure

A strong and sound organisational structure, with the adequate capacity and resources is a pre-requisite to develop a major project, which entails a complexity level far above the normal organisational requirements. At the same time, central to all infrastructure projects are two main concerns: time and budget, meeting the projected deadlines within the budgeted financial envelopes.

From its inception the NAICM is facing capacity issues in terms of the structure that was put in place to undertake the endeavour and also in what concerns human resources, two dimensions that were clearly verified when benchmarking the project against other recent ventures, inside and outside the industry.

Since the issuing of the OECD peer review, the GACM staff has gradually been strengthened with the incorporation of staff, mainly through temporary contracts, to address specific needs, such as those dealing with communications, transparency, environmental concerns, and institutional relations. Table 3 illustrates the evolution in the number of staff by administrative unit, with an overall increase of 37% in June 2016, when compared to October 2015.

Table 3.1. Growth of GACM Staff by Administrative Unit (Jun.16-Oct.15)

<table>
<thead>
<tr>
<th>Administrative Unit</th>
<th>October 2015</th>
<th>June 2016</th>
<th>Change in absolute numbers</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Directorate</td>
<td>3</td>
<td>9</td>
<td>+6</td>
<td>200</td>
</tr>
<tr>
<td>Planning, Evaluation, and Outreach</td>
<td>26</td>
<td>41</td>
<td>+15</td>
<td>58</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>94</td>
<td>126</td>
<td>+32</td>
<td>34</td>
</tr>
<tr>
<td>Finance</td>
<td>26</td>
<td>25</td>
<td>-1</td>
<td>-4</td>
</tr>
<tr>
<td>Administration and Real Estate Management</td>
<td>51</td>
<td>67</td>
<td>+16</td>
<td>31</td>
</tr>
<tr>
<td>Internal Control Body (OIC)</td>
<td>-</td>
<td>6</td>
<td>+6</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>200</strong></td>
<td><strong>274</strong></td>
<td><strong>+74</strong></td>
<td><strong>37</strong></td>
</tr>
</tbody>
</table>

Source: Produced by the OECD Secretariat with information provided by GACM.

In absolute numbers, it is the Corporate Directorate for Infrastructure the one that has grown the most, reflecting the increased intensity of construction activities. Administration and Real Estate Management is the second, and given that it is the one managing tender procedures, it is adequate to strengthen it. The OIC was just created in October 2015 and, as was explained in the section on Integrity and Transparency, it urgently needs additional resources to staff sufficient positions in order to achieve smooth functioning of the internal control and audit system according to internationally-recognised standards.

In an effort to diagnose the different functions and skills that need to be reinforced and estimate HR needs, GACM is close to completing a plan for the strategic alignment of processes and responsibilities, with a new operating model. This includes the definition and vision of the NAICM project, a planning scheme aiming at permanently monitoring progress and, if necessary, take preventive measures, and updating of the organisation manual and the internal control system.
Box 3.1. GACM New Operating Model

GACM new operating model, currently being revised, aims at achieving the following objectives by December 2016:

- Identifying GACM clients and clarifying their requests to be able to create value.
- Defining the mission (i.e., the reason for being) and vision (i.e., the aspirations), establishing the necessary staff competencies to achieve objectives.
- Establishing a comprehensive planning process and procedures to monitor progress on a regular basis and defining corrective measures.
- Developing operations by processes, producing operative manuals, work flows, management indicators, and service levels to facilitate controlled and consistent operations.
- Ensuring IT strategies (i.e., hardware, software, and communications) are aligned with operational needs and based on a cost-benefit analysis.
- Ensuring systems are aligned to processes to guarantee the security, integrity, and management of information.
- Reshuffling GACM organic structure according to processes and systems: Establishing the procedures to design optimal operation structures, according to workloads.
- Updating the current organisation manual, including job profiles and ensuring adequate recruitment processes.
- Updating and communicating operations standards and policies regarding, for example, information systems, data security, telecommunications, support services, equipment, and institutional communications.
- Ensuring the implementation of internal control in processes, systems, and key functions.

Source: Based on information provided by GACM.

3.2. Changes in the Project Execution

Procurement processes, strategies, and execution allow for the selection of the suppliers which provide the necessary expertise and manpower to build an infrastructure. Appropriate and timely selection of companies is therefore vital to the success of NAICM. Procurement strategies and processes directly impact both the deadline for the infrastructure completion and the budget under which it is developed.

Meeting the defined deadlines

As suggested by international examples relating to the construction or expansion of an airport, the NAICM global timeline of four years to complete construction activities from preliminary phases of procurement processes until satisfactory completion of the works is quite ambitious and deviates from experiences in other countries.

To support the overarching objective of meeting a challenging deadline, GACM initially designed a packaging strategy, comprised of 21 packages and 53 sub-packages, allowing some works to advance in parallel. Another benefit is to be found in the flexibility offered by this strategy to adapt to changing environments. Supported by a robust risk management strategy, the articulation and sequencing of construction activities could indeed be regularly reviewed so as to identify the most favourable course of action. Not only such review process can assess the alignment of projected milestones against the overall project development, it also provides the opportunity to evaluate the comparative merits of different delivery models.
Following such an assessment, the procurement processes have been significantly re-organised and extended over time, in principle, without modifying the final delivery date of October 2020. The procurement plan is now comprised of eight major packages, including 49 sub-packages. While construction works remain unchanged, GACM grouped construction activities whenever desirable to allow for the project to develop on time. The sequencing of the packages has been reorganised around the definition of a critical path which should allow first completing the essential components of the airport infrastructure (i.e., the terminal, runways) before delivering the associated supporting facilities.

As pointed out in the OECD peer review, the packaging strategy, irrespective of the number of packages, also entails risks, including those associated with the multiplication of distinct procurement processes and the interconnection of different packages. Indeed, any delay experienced in one of the packages not only affects the completion of the corresponding work but could also influence the planning of other packages.

The reorganisation of the packages addresses the overlaps and their associated risks already identified in the report. In the initial procurement plan, preparatory phases of two-thirds of the packages were meant to be carried out simultaneously with at least one other package. This questioned the sustainability of the model. The updated plan distributes preparatory phases more evenly across the construction timeline.

However, it extends the overall tendering phase of the project. Indeed, while the initial procurement planning estimated the award of the last contract to occur in August 2017, the updated timeline foresees this signature in June 2019. This implies that final works will be completed closer to the public opening date thereby constraining the testing phase of the airport, a necessary pre-condition to its opening. An immediate consequence is that the testing phase, initially planned to last two years, will be shortened (or extended over the original timeline), thus requiring additional efforts and coordination to complete the certification process in due time.

While, according to GACM, this reorganisation does not put at risk the timeline for the first plane to take off on 20 October 2020, any further extension in carrying out procurement processes may impact this deadline. A post-mortem analysis of tender processes carried out as of September 2016 could help better understand how the implementation of the packaging strategy influenced the initial planning. Based on evidence collected in CompraNet, two packages where extensions have been experienced provide additional insights on potential consequences and risks with the capacity to affect the project timeline.

GACM issued in November 2015 the package relating to the terminal foundations where the first sub-package sought to identify a company able to develop trials on the excavation of the terminal ground and testing piles. These preliminary works were necessary to develop a sound technical solution for the building of the terminal foundations.

According to the tender documentation, the works were meant to start early in 2016. However, the tender process led to the submission of four bids which were not compliant from a technical perspective. While the proposals had different technical merits, the pass or fail (binary criterion) assessment mechanism retained in the tender forced GACM to discard all proposals because they did not comply with all technical requirements, irrespective of their importance.

Therefore, GACM had to cancel the tender on 15 February 2016. In response to this unexpected situation, GACM decided to award directly, in accordance with the Law on Public Works, the corresponding contract to one of the unsuccessful tenderers. While this selection has been carried out in accordance with the legislative framework, it does not carry out the same level of transparency as public tendering. The works started with a delay of approximately three months. While, as of end of June 2016, it is still manageable according to the construction timeline, even a small proportion of the remaining 44 sub-packages experiencing similar extensions would put at risk the completion deadline.

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23 CompraNet is the electronic bidding system of Mexico’s government, available at https://compranet.funcionpublica.gob.mx/web/login.html.
for the project. It could also further expose some packages to the recourse to direct awards as emergency responses to unplanned situations.

Not only this extension impacted the provision of the terminal foundations with an increase of 140% of the timeline necessary to complete the tender process, it also influenced the timing for the issuance of the package for the construction of the terminal.

The package relating to the electrical substations also experienced an extension impacting the overall timeline of the project. Issued on 16 December 2015, approximately a month late compared to the initial planning, this process has been subject to an unprecedented number of questions from potential bidders. In total, almost 1,400 questions were submitted in writing leading to the organisation of nine clarification meetings to allow GACM to respond to each of these questions. Although this iterative process has merits by providing transparency and allowing potential suppliers to have all their questions answered, it also extended the conclusion of the tendering process by about six months. The increased operational costs for GACM however did not materialise into a tender maximising competition (see below).

Those two examples illustrate potential risks linked to the implementation of the packaging strategy and their possible impact on the project’s execution. They are further supporting the recommendation of the report to develop and implement a procurement risk management strategy, encompassing all procurement risks notably those posed by sub-optimal performance of procurement processes or their inadequate sequencing. The project is still at a stage when corrective and mitigation measures can be taken to face the challenges that major works (i.e., the terminal and the runways) will imply, without compromising the final delivery of the infrastructure.

**Developing the NAICM project on budget**

As indicated in the review from November 2015, fostering competition in a sample of 200 infrastructure projects has been estimated to generate 8.2% savings (Estache and Limi, 2008). Therefore, information about the level of competition in tender processes already carried out could allow for the assessment of the project’s indirect performance in meeting budget constraints.

Under the Mexican Law on Public Works and Related Services (*Ley de Obras Públicas y Servicios Relacionados con las Mismas*) assessment processes of proposals received in response to tenders follow a staged approach. The procedure requires administrative checks, followed by an evaluation on whether the bid meets a minimum threshold of points on technical components to qualify for the assessment of its financial components.

As indicated in the report, this assessment mechanism could be particularly useful to analyse market capabilities and adapt future procurement procedures should previous processes fail to meet an acceptable quantity of bids of sufficient quality. As of September 2016, nine tender processes related to the 21 packages have been concluded, therefore providing the necessary information to assess the efficiency of competition and indirect evidence on project’s performance in meeting budget constraints.
Figure 3.1. Qualified bids throughout the tender process

Drawing on the lessons from the first tenders, the issuance of the package for the construction of the runways provided different results. The sub-package relating to runway 2 received 18 bids with many being submitted by consortia of companies. Out of those 18 bids, three were disqualified on legal or administrative grounds and seven failed to qualify after the technical assessment, which means 44% (8 bids) made it to the final stage of economic assessment. Likewise, for runway 3, 16 bids were submitted. Out of those 16 bids, four were disqualified on legal or administrative grounds, five did not pass the technical assessment leading to 43.7% of proposals (7 bids) being comparatively assessed both on technical and financial components.

Apart from the tender process for excavation trials and pile testing which eventually led to a cancellation of the process, one can see that tenders included in the first two packages and relating to preliminary construction works received a great initial interest from the market. However, throughout the tender process the number of qualified bidders drastically fell. In average, the proportion of bids subject to economic assessment, therefore competing with other on all aspects of the packages, against the total number of bids received was 15%. Based on these lessons, GACM developed additional guidelines to help bidders mitigate the risk of high disqualification rates for administrative reasons. Notably a checklist has been integrated into the standard tender documentation so that bidders are reminded of the different documents necessary to comply with administrative requirements.

The last two tenders of runways 2 and 3 showed a significant decrease of the disqualification rate for administrative reasons, dropping from an average of 40% to slightly more than 20% of bids disqualified for lack of compliance with legal or administrative requirements. Besides the increase of the number of bids subject to technical assessment, the rate of proposals subject to a financial evaluation also increased. To this end, it is worth noting that, unlike the previous tenders, those two tenders were subject to international competition under free trade agreements and several foreign companies had the opportunity to partner with Mexican companies and submit joint proposals.

However, the most recently concluded tender for the package relating to the electrical substation, which is the seventh most important package in financial terms, received only three proposals where two bids failed to comply with preliminary financial requirements, due to international standards and other requisites set by Mexico’s electric utility (Comisión Federal de Electricidad, CFE), as reported by GACM. While the technical assessment of the remaining bid was positive, therefore avoiding a cancellation of the process, it led to the automatic award of the contract to the remaining company without any comparative financial assessment. Building an electrical substation can be a highly complex and specialised process, therefore limiting the number of potential contractors. Even so, the outcome of this tender left GACM without competing bids on both technical and financial terms.
4. The role of the OECD

The role of the OECD in its cooperation with SCT and GACM is of an advisory nature. OECD aims at providing advice and knowledge to decision-makers and transferring good practices in the management of procurement processes of major infrastructure projects, particularly concerning integrity, transparency, and accountability. For that purpose, OECD relies on the expertise developed by its member countries. At the end, it is the responsibility of Mexico’s government to review and evaluate specific procurement processes or tenders, as well as to take purchasing decisions. The role of the OECD is then focused on providing evidence-based advice to help national authorities make the best decisions themselves. It is up to Mexico to determine how best to implement OECD advice.

In this context, OECD will be supporting the implementation process of the recommendations contained in this report through a series of activities, which may include the following:

- **Infrastructure governance workshop (October 2016):** This workshop analysed the governance framework of successful infrastructure projects, including portfolio and project management, coordination issues, and stakeholder engagement. Peer experts from OECD countries participated bringing their direct experience in infrastructure management.

- **Seminar on good practices of planning access to airports (scheduled for early 2017):** Leveraging on Mexico’s presidency of the OECD International Transport Forum (ITF)24, this seminar will discuss good practices of transport planning processes, covering assessment of impacts on surface transport systems and mobility patterns and integration with urban and regional transport infrastructure planning.

- **Capacity-building activities:** OECD will organise seminars and workshops with the participation of peer experts from OECD countries to illustrate good practices that address opportunities in the management of the NAICM project.

- **Roundtables with stakeholders to communicate challenges and good practices and to facilitate dialogue:** OECD could help GACM communicating the priorities and most pressing needs to a different set of stakeholders and facilitating dialogue with civil society groups.

- **Field visits to infrastructures successfully developed in OECD countries:** OECD, by working with the infrastructure and procurement authorities of its member countries, could organise field visits to identify critical factors for success, learn from other experiences, and avoid common mistakes in infrastructure development.

- **Progress reports:** As mentioned previously, OECD will continue following up developments in the implementation of its recommendations up until 2018. One or two progress reports will be published annually in 2017 and 2018.

- **Ad hoc advice on specific topics related to governance, procurement, integrity and transparency, and communications.**

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24 The ITF is a global platform for transport policy makers and stakeholders. Its objective is serving political leaders and a large public in developing a better understanding of the role of transport in economic growth and the role of transport policy in addressing the social and environmental dimensions of sustainable development.
Annex 1: Summary of reported actions and evidence according to GACM to address each of the 100 recommendations from the November 2015 OECD Review

**Governance**

<table>
<thead>
<tr>
<th>OECD PROPOSAL FOR ACTION</th>
<th>ACTION REPORTED BY GACM</th>
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</table>
| 1. The governance model of the project needs to be strengthened to allow timely decision making, accountability, and inclusiveness, as well as to effectively allocate risks. | • GACM completed a review and assessment process to prepare for the heavy construction stage. This will lead to an updated organisation manual and a new operation model.  
• GACM prepared an inventory of outsourced services.  
• Starting in the last trimester of 2015, GACM launched the implementation of an Oracle system called SIGA, which will record and allow monitoring of contracts, facilitating communication and information sharing between directorates.  
• GACM has engaged with different entities which provide oversight and monitoring to the NAICM project.  
• On 6 May 2016, the SFP Accompanying Working Group was established for the tender process of the terminal building.  |
| Clearly define and allocate responsibilities among corporate directorates | • GACM completed a review and assessment process to prepare for the heavy construction stage. This will lead to an updated organisation manual and a new operation model.  
• The review included an analysis of critical processes with a delimitation of roles and responsibilities for each GACM directorate, as well as the PM (Parsons).  
• The proposed adjustments include the strengthening of the OIC and a Risk Committee as part of GACM Board.  
• This process has been accompanied by new mechanisms to strengthen accountability and facilitate timely decision making (i.e., the Directive Committee).  |
| Map services outsourced and consultants with accountability measures | • GACM prepared an inventory of outsourced services.  
• Starting in the last trimester of 2015, GACM launched the implementation of an Oracle system called SIGA, which will record and allow monitoring of contracts, facilitating communication and information sharing between directorates.  
• SIGA will fulfil regulatory requirements established by SCT, SHCP, and SFP.  |
| Develop new accountability mechanisms for GACM officials | • GACM completed a review and assessment process to prepare for the heavy construction stage. This will lead to an updated organisation manual and a new operation model.  
• This process has been accompanied by new mechanisms to strengthen accountability and facilitate timely decision making (i.e., the Directive Committee).  |
| Establish the wider governance map of the project | GACM developed the governance map of the project identifying the different stakeholders.  |
| Establish a monitoring group with NGOs, academia, think-tanks, etc. | Even though a formal monitoring group with different stakeholders has not been established, GACM has engaged with different entities which provide oversight and monitoring to the NAICM project:  
- Meetings with members of the NAICM National Observatory (facilitated by OECD) to discuss working agendas dealing with transparency, public procurement, financial management, access to the airport, etc.  
- Working group on transparency with CMIC and targeted meetings with CANAERO.  
- Participation of academic and government institutions in CVA.  
- Organisation of four expert panels with the participation of academics and specialists on different topics. |
| Formalise a partnership with INAI | • GACM established contact with INAI several months ago and prepared a draft agreement to be signed by both institutions.  
- Even though the agreement has not been signed yet, INAI has already provided training to GACM staff on transparency and freedom of information issues. |
| Formalise a partnership with COFECE | • GACM established contact with COFECE during July 2016 to seek a formal cooperation.  
- COFECE agreed to provide expertise and ex ante advice in a pilot call for tender to make sure it does not unnecessarily restrict competition and to identify and avoid bid rigging in public procurement.  
- As a first activity, COFECE agreed to organise a workshop for GACM employees on facilitating competition in public procurement. |
| Pursue the establishment of an ad hoc interaction mechanism with SFP (i.e. a special unit in SFP) | • On 6 May 2016, the SFP Accompanying Working Group was established for the tender process of the terminal building.  
- Early feedback provided by both, GACM and SFP, is quite positive as to the lessons learned and the measures taken to ensure good management and integrity of the procurement process. |
| Develop a strategy to reward good performance by suppliers, aligned with procurement regulations | Procurement regulations do not permit economic compensation to reward good performance by suppliers (i.e., completing works before the deadline, developing innovations to comply with the matter of the contract, etc.). |
| 2. Corporate governance should be reviewed to align with good international practice defined in the OECD Guidelines on Corporate Governance of State-Owned Enterprises. | • In February 2016, GACM hired a private consultancy to develop a reform plan for its corporate governance.  
- Preliminary versions of such plan incorporate key features suggested by the OECD Guidelines, such as independent board members, definition of roles and responsibilities for board members, evaluation, an internal audit function, and a management model for strategic risks (see Box 2.2).  
- The plan will be presented in the second ordinary meeting of 2016 of the GACM Board for informative purposes, and then to the General Shareholders’ Assembly to validate the necessary reforms to the GACM statutes. |
<table>
<thead>
<tr>
<th>Consider writing a letter/statement of expectations to the GACM Board to communicate government expectations on its performance</th>
<th>The letter/statement has not been written yet.</th>
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</table>
| Develop the vertical co-ordination scheme for the NAICM project, following good practices of corporate governance | • In February 2016, GACM hired a private consultancy to develop a reform plan for its corporate governance.  
• Preliminary versions of such plan incorporate key features suggested by the OECD Guidelines, such as independent board members, definition of roles and responsibilities for board members, evaluation, an internal audit function, and a management model for strategic risks.  
• The plan will be presented in the second ordinary meeting of 2016 of the GACM Board for informative purposes, and then to the General Shareholders’ Assembly to validate the necessary reforms to the GACM statutes. |
| Put together a committee to nominate members of the GACM Board and propose them to the pertinent authorities (or some alternative, transparent and merit-based nomination mechanism) | Put together a committee to nominate members of the GACM Board and propose them to the pertinent authorities (or some alternative, transparent and merit-based nomination mechanism) |
| Design a training programme for the introduction of new board members | Design a training programme for the introduction of new board members |
| Regulate the participation of alternate members in board meetings | Regulate the participation of alternate members in board meetings |
| Establish an internal audit function | Establish an internal audit function |
| Develop an annual mechanism of evaluation for the board | Develop an annual mechanism of evaluation for the board |

3. **While co-ordination among central government stakeholders seems to be working well, this is not necessarily the case with others.**

| • GACM opened a department on institutional relations as part of its team. Its objective is to establish and maintain dialogue channels with different stakeholders of the NAICM project, including federal and sub-national government institutions.  
• This department reports directly to GACM General Director, who in turn develops an active agenda of meetings and discussions with government stakeholders.  
• In addition, there is a high level Group for Inter-ministerial Coordination, which has set different objectives. The Inter-ministerial Group has already undertaken specific initiatives.  
• Another mechanism for governmental coordination has been the CVA. The CVA includes the participation of the municipalities of Atenco and Nezahualcóyotl, Tezoyuca, Texcoco, and Ecatepec, as well as the environment ministries of the Federal Government, the State of Mexico, and Mexico City, and CONAGUA, as well as non-governmental stakeholders. |
| Formalise the functioning of the high-level co-ordination group, including the participation of Mexico City and the State of Mexico | Formalise the functioning of the high-level co-ordination group, including the participation of Mexico City and the State of Mexico |
| • There is a high level Group for Inter-ministerial Coordination, which has set three main objectives: i) preserving the social and political stability of the area where the NAICM is being built, ii) mitigating the impacts created by the construction process, and iii) facilitating the systematic development of the surrounding area to the construction site.  
• The Inter-ministerial Group has already undertaken specific initiatives, such as the Programme for training and construction jobs for the inhabitants of the municipalities of Atenco and Texcoco, the Agreement with SEDATU to carry out urban development and connectivity studies, the Programme for agriculture development (in co-ordination with SAGARPA) and a diagnosis of needs of the inhabitants of Atenco and Texcoco. |
Establish the Metropolitan Council for the NAICM, with the participation of the state, municipal, and delegation governments involved

Although a Metropolitan Council has not been established, there are other mechanisms in which sub-national governments are participating, such as the CVA.

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<tr>
<th>4. GACM capacities need to be strengthened, and a collaborative working environment should be developed.</th>
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| • GACM managed to increase the number of staff, mainly using temporary contracts, which increased by 60%.  
• The number of positions for public officials has not increased, since it would require authorisations from SHCP and SFP. Given these restrictions, GACM has only been capable of attracting staff via temporary contracts.  
• To put this into perspective, it is notable that GACM has managed to keep its structure of public officials and grown via temporary contracts, since budget cuts in 2016 have moved most ministries and agencies to downsize. More budget cuts are announced for 2017, so it is foreseeable that there will be challenges to strengthen GACM capacities. |

<table>
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<tr>
<th>Diagnose the different functions and skills that need to be reinforced and estimate HR needs on this basis, leading to an adjustment of the organisational structure</th>
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</table>
| • GACM completed a review and assessment to align processes and responsibilities with a new operations model, including the vision of the project, strategic planning to permanently monitor progress and establish preventive measures, and the update of the organisation manual.  
• The review also included an analysis of critical processes with a delimitation of roles and responsibilities for each GACM directorate, as well as the PM (Parsons). |

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<tr>
<th>Review salary levels and employment stability to improve the working environment and avoid high levels of stress and/or turnover</th>
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| • GACM has been in constant dialogue with SHCP in order to get new positions for public officials and convert some of the temporary contracts into full-time employees. However, budget conditions have been adverse and it has been difficult to get such approval.  
• GACM salary levels are regulated by the Manual for compensations of public servants of the federal public administration, published on 29 May 2015. So, GACM cannot modify such salary levels by itself. |

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<tr>
<th>Establish protocols/traditions to celebrate the achievement of major milestones of the project</th>
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<tr>
<td>An intranet has been set up to communicate important information and achievements to GACM personnel.</td>
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<tr>
<th>5. Continuous and open dialogue with stakeholders, involving them in planning, decision making, and oversight, is a key feature of successful megaprojects.</th>
</tr>
</thead>
</table>
| • GACM has opened communication channels with different groups of stakeholders, for example, it has organised targeted meetings with CMIC and CANAERO and, in the first case, a working group GACM-CMIC was established.  
• Likewise, GACM has established a working group with the NAICM Observatory (facilitated by OECD) with the intention to agree on an agenda to advance transparency and good practices of public procurement and financial disclosure, among others.  
• Concerning stakeholder participation in the oversight of the project, this has mainly taken place through social witnesses (testigos sociales). GACM established a lower threshold of MXN 100 million than required by law (MXN 300 million) to require the participation of a social witness. For example, the Engineering Academy and the Mexican Institute of Technical Audit have both performed the role of social witness. Public notaries have also been engaged in the award meetings to attest to the legality of the proceedings. |
| Develop a strategy to engage stakeholders in planning and decision making, including mechanisms such as public meetings, targeted meetings, mailing lists, informational materials, media outreach, and repositories | • GACM has opened communication channels with different groups of stakeholders, for example, it has organised targeted meetings with CMIC and CANAERO.  
• The GACM Communications Unit is developing information kits and organised a visit to the construction site by journalists, which took place on 23 March 2016. |
| Develop a strategy to engage stakeholders in the oversight of the project, including public information and complaints management, third-party monitoring agreements, social witnesses, community monitors, and social contracts | • GACM has established a working group with the NAICM Observatory (facilitated by OECD) with the intention to agree on an agenda to advance transparency and good practices of public procurement and financial disclosure, among others.  
• Concerning stakeholder participation in the oversight of the project, this has mainly taken place through social witnesses (testigos sociales). |
| 6. Periodic financial and procurement reviews must be undertaken to respond to changing conditions. | • The OECD review informed that GACM had developed alternative scenarios and strategies to address potential (and likely) budget cuts and recommended to continue taking these anticipatory actions.  
• The Corporate Directorate for Finance has among its duties to identify, analyse, and suggest mechanisms to obtain the necessary funding for the construction of NAICM, considering the possibility of the need of additional resources to those budgeted, as well as the existing conditions in national and international markets.  
• On the contrary, procurement reviews have not been directed at assessing the achievement of secondary policy objectives. |
| Establish an analysis methodology and KPIs to assess the achievement of secondary policy objectives through public procurement | During the last trimester of 2015, an evaluation of the first tender procedures was carried out, leading to a document entitled “Lessons learned”, which in turn illustrated adjustments to calls for tender and contracting procedures. But this document does not follow up or evaluate KPIs related to secondary policy objectives, such as facilitating SME participation or fostering innovation through procurement. |
| Update the financial analyses and alternative scenarios for the funding of the project | GACM’s Corporate Directorate of Finance continues performing simulations and anticipating scenarios to ensure funding availability and keep construction running. As a result, the NAICM project was recognised as the “Latin American Airport Deal of the Year” by IJGlobal (Infrastructure Journal Global) on March 2016. |
## Procurement

### OECD PROPOSAL FOR ACTION

<table>
<thead>
<tr>
<th>1. GACM could foster transparent and effective stakeholder direct participation to ensure a co-ordinated approach to the project by co-ordinating procurement expertise in the decision-making process.</th>
</tr>
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<tbody>
<tr>
<td>• Currently the different areas of GACM involved in the procurement processes have the support of experts.</td>
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<tr>
<td>• GACM fostered the participation of citizens in the procurement process and improved the transparency of tenders by creating jointly with SFP the Accompanying Working Group (Mesa de Acompañamiento), enlarging the scope for the participation of social witnesses and public notaries, and live broadcasting of the events to award contracts (actos de fallo).</td>
</tr>
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</table>

### ACTION REPORTED BY GACM

<table>
<thead>
<tr>
<th>Map the involvement of the different stakeholders in procurement processes</th>
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<tbody>
<tr>
<td>GACM mapped the participation of the different actors in the procurement process:</td>
</tr>
<tr>
<td>• GACM</td>
</tr>
<tr>
<td>• Advisors</td>
</tr>
<tr>
<td>• Authorities</td>
</tr>
<tr>
<td>• Academics</td>
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<tr>
<td>• SCO</td>
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<tr>
<th>Create a project-oriented steering committee federating the different expertise</th>
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<tbody>
<tr>
<td>• Within the PMO contract with Parsons there is a weekly meeting of a steering committee to follow-up on the overall execution of the project.</td>
</tr>
<tr>
<td>• Since November 2015, GACM celebrated service contracts with experts in four key areas: (i) Geotechnical and cement; (ii) Earthquakes; (iii) Civil protection and fires; and (iv) Hydraulics.</td>
</tr>
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<table>
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<tr>
<th>Define the critical procurement milestones for each package to ensure their assessment by the steering committee</th>
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<tbody>
<tr>
<td>In the last quarter of 2015, GACM carried out an assessment of the first tenders to produce a “Lessons Learned” document, highlighting the main issues, which were taken into account to adjust the tender documents and the awarding procedures.</td>
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<tr>
<th>Develop follow-up mechanisms of decisions taken by the steering committee</th>
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<tr>
<td>At the beginning of the Steering Committee meetings there is a follow-up mechanism regarding the open and pending issues.</td>
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<tr>
<th>2. In designing appropriate award criteria and adequate frameworks proportionate to need, GACM could facilitate access to procurement opportunities to competitors of all sizes and help identify proposals offering the best value for money.</th>
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<tbody>
<tr>
<td>In all procurement procedures launched, GACM obeys by the LAASSP and the LOPSRM, and also by the guidelines for the application of the evaluation criteria for points and percentages, in which there are specific rules for SME bidders.</td>
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<tr>
<th>Identify major evaluation criteria and overall weightings common to all packages</th>
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<tbody>
<tr>
<td>• In all procurement procedures launched, GACM obeys by the LAASSP and the LOPSRM, and also by the guidelines for the application of the evaluation criteria for points and percentages issued by SFP.</td>
</tr>
<tr>
<td>• GACM has sub-committees to review the tender documentation, including the evaluation criteria, before their publication in CompraNet, with the participation of all relevant areas of GACM, external advisors, and the IOC.</td>
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<tr>
<td>Identify detailed evaluation criteria and weightings tailored to the specifics of each package</td>
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<td>---------------------------------------------------------------</td>
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<tr>
<td>Develop standardised response frameworks for bidders</td>
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<tr>
<td>GACM developed standardised templates and made them available for the bidders as annexes to the tender documentation.</td>
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<tr>
<td>Define formulas used to score proposals received</td>
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<tr>
<td>Not commented.</td>
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<tr>
<td>Identify stakeholders responsible for the assessment of proposals received</td>
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<tr>
<td>The organisation manual of GACM defines the role of the Deputy Directorate for Procurement, which is responsible for this task.</td>
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### 3. Sound contract design, including renegotiations mechanisms, and post-implementation contract management could allow GACM to drive efficiency throughout the entire procurement cycle.

- Since September 2015, GACM developed different contract models for the different types of procurement, following the existing legal framework.
- The contract models developed by GACM had the support of legal and administrative advisers, in order to assure the fulfilment of the existing norms.
- These models are subject to improvements based in the experience gathered from the previous tenders.

### Ensure that expertise required to draft contracts adapted to the nature of the project is secured

- The contract models developed by GACM had the support of legal and administrative advisers, in order to assure the fulfilment of the existing norms.
- These models are subject to improvements based in the experience gathered from the previous tenders.

### Design draft contracts tailored to the sequencing of the packages

- The contract models developed by GACM had the support of legal and administrative advisers, in order to assure the fulfilment of the existing norms.
- These models are subject to improvements based in the experience gathered from the previous tenders.

### Introduce in the contracts service level agreements (SLAs) key factors contributing to the successful completion of the works

- The SLAs need to be evaluated with the technical areas on a contract by contract basis, considering their specificities.
- Currently, the contracts awarded by GACM already include SLAs, as defined in the terms of reference and execution programmes.

### Include renegotiations mechanisms in contracts

- In general, the LAASSP and the LOPSRM do not allow for contract renegotiation, except for duration and cost, in which cases a signed amendment is required.

### Periodically assess contractors performance against contractual provisions

- According to the law, the contract supervisors from GACM are responsible for verifying contract performance from the suppliers and document it in a mandatory electronic diary.
- The contract supervisors send weekly reports to the Infrastructure Directorate.

### GACM could implement procurement strategies aiming at facilitating access and increasing attractiveness of public procurement operations, while pursuing other policy objectives.

- The experience gathered by the PMO in several other airports, like Seattle, Washington, or Abu Dhabi recommends the division of this type of megaprojects in procurement packages, to attract more competitors and diversify the suppliers’ base.
- This model generates important savings in terms of time, cost, and resource optimisation. The NAICM considers 21 packages organised in 3 main stages, following the construction sequence: (i) preliminary works; (ii) main infrastructure works; and (ii) works for starting the operation.
| Map existing barriers to entry into the competition and carry out a cost-benefit analysis of such barriers | • The public tenders executed by GACM do not limit competition, although it is worthwhile mentioning that due to its technical characteristics it is necessary to establish requirements to ensure the proper execution of the object from the contractors.  
• Prior market research was performed before issuing tender documentation, with the objective of guaranteeing the existence of at least five suppliers.  
• One of the topics of the meetings between GACM and the Mexican Chamber of Construction Industry (Cámara Mexicana de la Industria de la Construcción – CMIC) was the administrative obstacles that participants to the tenders (potential bidders) faced, and why their bids were rejected. The outcome was the creation of templates for presenting the bid proposals.  
• GACM officials attended training courses on how to use CompraNet, delivered by SFP. |
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<tr>
<td>Assess the feasibility of removing existing barriers to entry into the competition</td>
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</table>
| Implement into each package strategy positive evaluation criteria for specific policy objectives rather than administrative qualification requirements | • In all procurement procedures launched, GACM obeys by the LAASSP and the LOPSRM, and also by the guidelines for the application of the evaluation criteria for points and percentages issued by SFP.  
• GACM has sub-committees to review the tender documentation, including the evaluation criteria, before their publication in CompraNet, to guarantee they follow the law and regulations. |
| Lower transaction costs for bidders and GACM whenever possible/desirable by grouping distinct packages | In the beginning of the project the packaging strategy divided the main works into 21 packages. In order to reduce costs and execution time, it was decided to group in one tender the cement works for the terminal and the control tower. |
| Include into packages recurring follow-up activities for works requiring ongoing maintenance to increase attractiveness of public procurement operations | In the current development stage of the project there is no contract that requires the incorporation of additional services, like maintenance. |
| **5. GACM could engage in transparent and regular dialogues with suppliers, business associations and experts to decide the most efficient procurement process, its openness and design effective technical specifications and appropriate award criteria.** | • In February 2016, GACM created a joint committee with CMIC, with the objective of addressing and taking into account the major concerns of contractors.  
• The Planning, Evaluation and Outreach Directorate keeps a continuous contact with stakeholders, to improve the design and implementation of the project.  
• GACM and SFP launched one accompanying working group (Mesa de Acompañamiento) on 6 May 2016 in order for SFP to support GACM in relation to the tender of the terminal building. |
| Develop a strategy to engage suppliers, business associations and experts in procurement processes | - GACM and SFP launched one accompanying working group (Mesa de Acompañamiento) on 6 May 2016 in order for SFP to support GACM in relation to the tender of the terminal building.  
- GACM created a mixed committee with CMIC, on February 2016, with the objective of addressing and taking into account the major concerns of contractors into the project, wherever possible. |
| Define the structure of the dialogues with business and experts communities, including the participation of social witnesses | - In February 2016, GACM created a joint committee with CMIC, with the objective of addressing and taking into account the major concerns of contractors into the project, wherever possible.  
- Different social witnesses have been designated by SFP to participate in public procurement processes. GACM also allowed for the presence of public notaries and live broadcasting during awarding events (actos de fallo).  
- GACM lowered the threshold for the participation of social witnesses in the procurement processes from MXN 300 million (required by law) to MXN 100 million. |
| Widely communicate this strategy to business and expert communities | - In February 2016, GACM created a joint committee with CMIC, with the objective of addressing and taking into account the major concerns of contractors into the project, wherever possible.  
- GACM conducted several meetings with the stakeholders of the NAICM. |
| Advertise and carry out information sessions prior to the finalisation of each package strategy and documentation to assess market capabilities | According to the LAASSP and the LOPSRM, the way to evaluate the market capabilities is through market research, which is carried out by the respective purchasing department and the Deputy Directorate for Procurement, before starting the tender process. |
| Include feedback received into each package strategy and documentation | - In the cases foreseen in the law, GACM publishes the projected tender documents in CompraNet, in order to receive feedback.  
- Additionally, GACM publishes a document with the result of this consultation process, stating if comments were received and incorporated.  
- From April 2016, GACM carried out a survey to suppliers about the transparency of the procurement processes of NAICM. |
<p>| 6. <strong>GACM could consider all available means to foster participation of SMEs in the NAICM project.</strong> | GACM fosters the participation of SMEs by assigning specific additional scoring criteria to those contractors that commit to subcontract SMEs. |
| Develop a strategy to engage SMEs in procurement processes | GACM signed a Framework Agreement with the Banking Institution for Development (<em>Nacional Financiera, S.N.C., Institución de Banca de Desarrollo</em> – NAFIN) in order to facilitate the participation of SMEs in the construction of the NAICM through the following support modalities: (i) financing; (ii) Productive chain programmes; and (iii) capacity building. |</p>
<table>
<thead>
<tr>
<th>Define appropriate weightings for proposals committing to subcontract part of the works to SMEs according to the nature of the works carried out and to market capabilities</th>
<th>According to the LAASSP and the LOPSRM, as well as the guidelines for the application of the evaluation criteria for points and percentages issued by SFP, GACM assigns additional scoring criteria to those contractors that commit to subcontract SMEs.</th>
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</table>
| Encourage the creation of consortia of SMEs for packages where required resources are proportionate to SMEs capabilities | - The tender procedures of GACM allow for the presentation of joint proposals, in accordance with the LAASSP and the LOPSRM.  
- GACM signed a Framework Agreement with the Banking Institution for Development (Nacional Financiera, S.N.C., Institución de Banca de Desarrollo – NAFIN) in order to facilitate the participation of SMEs in the construction of the NAICM through the following support modalities: (i) financing; (ii) Productive chain programmes; and (iii) capacity building. |
| 7. **GACM could implement risk management strategies, allowing for the identification of threats and mitigation measures.** | - In May 2016, GACM established the Risk Committee, with the participation of the PMO, Parsons, with the objective of addressing and monitoring the potential risks identified in the development of the project.  
- GACM, with the support of an external adviser, started the corruption risk mapping process for the public procurement procedures. |
| Set up a formal risk register for procurement processes and define corresponding roles and responsibilities within GACM | - The Code of Conduct was presented for approval of the Ethics Committee on March 2016.  
- Teleconference with OECD on 27 May 2016 to further develop the risk mapping. |
| Map all potential risks affecting procurement processes | - OECD workshop on 16-17 May 2016 on corruption risk mapping with the participation of ASF, SFP, GACM, and the IOC. The Deputy Directorate for Legal Affairs of GACM is in charge of developing the risk map.  
- Teleconference with OECD on 27 May 2016 to further develop the risk mapping.  
- GACM has implemented preventive measures over the risks already identified, like social witnesses participation, integrity declarations for external advisors, conflict of interest declarations for public officials, and video recording of the award events. |
| Assess their severity, likelihood and consequences | Please refer to the previous. |
| Identify corresponding mitigation measures which are, or could be, implemented | Please refer to the previous. |
| Periodically re-assess the existence and qualification of risks and the effectiveness of mitigation measures | Please refer to the previous. |
### Integrity and transparency

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<tr>
<th>OECD PROPOSAL FOR ACTION</th>
<th>ACTION REPORTED BY GACM</th>
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<tr>
<td><strong>1. The GACM could promote a culture of integrity through:</strong></td>
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| raising awareness of corruption risks among its personnel, particularly among those involved in the procurement process | • Public servants involved in contracting procedures fill in and sign a Declaration on Integrity and Absence of Conflict of Interest.  
• GACM and the OECD organised a workshop on 16-17 May 2016 on corruption risk mapping. |
| amending its code of conduct, taking into account that it will need to: i) outline to GACM personnel and partners what is expected of them in terms of conduct; ii) contribute to reinforcing integrity in the organisational culture by setting new norms; and iii) provide a disciplinary framework to sanction deviant behaviour | • Code of Conduct was amended at the beginning of 2016 in line with SFP guidelines and after consultation with OIC and representatives of other GACM areas.  
• The revised version of the Code of Conduct of March 2016 also contains desired conducts.  
• The Code of Conduct is to be signed by public officials.  
• Private firms are also required to respond to commit to GACM’s policy on anticorruption, integrity, and conflict of interests.  
• Training module on Code of Conduct is offered to all newcomers. |
| developing specific standards for procurement officials, for example through code of conduct for GACM procurement officials | SFP Protocol on Public Procurement of August 2015. |
| ensuring that its code of conduct is known and create one code of conduct for all those involved in the procurement process including consultants, outsourced personnel and subcontractors | • Contractors have to declare to comply with GACM’s anticorruption, integrity, and conflict of interest principles.  
• The new version of the Code of Conduct was also shared with subcontractors, who have to sign the declaration indicating that they know it and understand its content. |
| providing training for procurement officials on integrity, ethics and anticorruption tools | • GACM participated in training about CompraNet organised by SFP.  
• GACM and the OECD organised a workshop on 16-17 May 2016 on corruption risk mapping. |
| increase the visibility and awareness of the Ethics Committee to have a better dissemination and enforcement of the code of conduct and subsequent adaptation of norms to new risks | • GACM plans to share all the work of the Ethics Committee in GACM’s intranet. It will then appoint a person to raise awareness and receive suggestions.  
• Within the Ethics Committee, a contact person for the personnel will be appointed during next session.  
• GACM Ethics Committee was ranked as “excellent” by SFP. |
| developing a comprehensive conflict of interest policy, including the development of a Procurement Management Framework that lists situations which would be considered as a conflict of interest and provides guidance on the steps to follow | The Code of Conduct provides for a procedure to follow when a conflict of interest arises, i.e. notify it to the OIC and to the legal area of the entity, as well as to the corresponding manager. |
## OECD Proposal for Action

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<tr>
<th>OECD Proposal for Action</th>
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| Checking any potential conflict of interest before the procurement process begins and allowing bidders to disclose any potential conflict of interest they may have with the contracting organisation or with the other bidders | • A Conflict of Interest declaration form is to be filled in by each public official before the beginning of a procurement procedure.  
• Conflict of interest declarations are also to be signed by companies participating in biddings, which also have to fill in an anti-corruption declaration. |
| Assessing the possibility of discussing with its public officials which channels will provide confidence to report wrongdoing | GACM set up simpler and user-friendly forms to submit a complaint or report, both through SFP and the GACM webpage. |
| Implementing training and education on the notion of integrity and the purpose of reporting to encourage the correct use of reporting mechanisms and prevent misuse | The OIC and the Ethics Unit of the SFP will handle the training. |
| Engaging with groups of suppliers to explore ways to encourage them to develop their own standards and programmes to enhance integrity in their relationship with the GACM. | GACM hold meetings with the Chamber of the Construction Industry (Cámara Mexicana de la Industria de la Construcción, or CMIC) and a cooperation agreement was signed between them. |

### 2. The GACM OIC:

Ensure that the OIC does not only have a control role but also serves as an advisory body for GACM management and procurement units to achieve greater effectiveness and efficiency of the procurement process.

- The GACM Board authorised the Director General to strengthen the OIC- there are 24 positions for OIC officials, but the authorisations for filling these positions from SHCP and SFP are still pending.  
- The OIC can participate in all stages of procurement contracts. The Procurement Sub-Directorate (Subdirección de Contrataciones) is constantly in contact with the OIC and asks its advice whenever it is needed.  
- GACM receives advice from SFP through the Mesa de Acompañamiento for the Terminal Building tender.

Procurement units and the OIC could work with the GACM internal control committee and the Mesa de acompañamiento to ensure efficient and transparent procurement procedures.

GACM launched one Mesa de acompañamiento on 6 May 2016 in order for SFP to support GACM in relation to one tender.

The GACM OIC and the SFP could work together to develop a complaint template on the GACM website to allow suppliers and citizens to make complaints online.

GACM simplified the submission of complaints through the internet. They can be submitted through SFP or GACM pages.

### 3. The GACM could avoid integrity risks during the procurement process by:

Develop a corruption risk map of the organization and its processes in order to identify the positions of officials that are particularly vulnerable, the activities in the procurement cycle where risks can arise, and the specific projects at risk.

GACM and the OECD organised a workshop on 16-17 May 2016 on corruption risk mapping.
| Develop an integrity plan to facilitate the development of mitigation strategies following the mapping of specific corruption risks and thus ensure that all parties involved in the process are aware of existing integrity risks and mitigation mechanisms, as well as their own responsibilities | • GACM had a teleconference with OECD on 27 May 2016 where it was communicated that the hired consultancy is in the process of elaborating a risk map for the procurement processes.  
• Those participating in the contracting phase have the support of technical staff (architect, engineer).  
• Public servants at the GACM that participate in public procurement must fill in and sign the declaration of integrity and indicate there are no conflicts of interest. |
| --- | --- |
| Continue the involvement of civil society experts through the inclusion of social observers in key procurement procedures. | • Different social witnesses who have been designated by SFP to participate in public procurement processes. GACM also allows for the presence of public notaries and live transmission during adjudication events (*actos de fallo*).  
• GACM lowered the threshold for participation of social witnesses from MXN 300 million to MXN 100 million. |
| Reducing in its procurement manuals the threshold for the mandatory use of social witness for the procurement of public works, good and services; as well as including in its procurement manuals other conditions under which a social witness needs to be included. | GACM lowered the threshold for participation of social witnesses from MXN 300 million to MXN 100 million. |
| Develop standard bidding documents for the technical and economic proposals statements of integrity, and disclosure forms for current commitments and financial solutions | • GACM uses a model for different contracts and different formats for the presentation of offers from bidders.  
• GACM is also working on elaborating formats for calls for bids to make procurement easier. |
| Implementing the two envelope approach to ensure that procurement decisions are taken according to the set of criteria | • According to the LOPSRM, it is necessary to open the technical and economic proposals when presenting and opening the proposals, so it would not be possible to implement the two envelope approach proposed by the OECD.  
• The opening of the biddings takes place in front of the participants, the social witnesses, and the OIC. |
| Implementing the four eyed principle to limit public officials discretionary power and ensure a certain level of deliberation and the protection of the public officials from suspicion | • In the public procurement procedures organised by GACM, they count on the participation of different public servants at all stages. There is never just one public servant making the decisions.  
• The technical proposal evaluation is carried out by the relevant area, whereas the evaluation of the economic proposal by the Procurement Deputy Directorate (Subdirección de Contrataciones). |
| Exploring the possibility to designate an integrity monitor that can follow the whole procurement cycle | • The OIC and social witnesses participate throughout the whole procurement cycle.  
• For work execution, there is a Work Resident (*Residente de obra*) who is responsible to administer the contract. There is also an independent supervisor in charge of verifying contractual obligations. |
Ensuring that its existing internal integrity mechanisms are known by and applicable to consultants, outsourced personnel and subcontractors as much as it applies to GACM personnel (through a code of conduct, for example)

- GACM demands a declaration of integrity from all consultants.
- Contractors oblige themselves to operate in accordance with principles of integrity and anticorruption.

### 4. The GACM could improve the transparency of its procurement activities by:

Ensure that it has the needed resources, structure, and capacities to perform the transparency functions

- GACM has strengthened the transparency team to meet the new legislative requirements and the commitments of Mexico with the OGP.
- Two members of the Transparency Team come from INAI.
- INAI trained the Transparency Team and plans to train all the rest of GACM personnel thanks to the agreement between GACM and INAI.
- GACM published 200 contracts in the open data format.
- GACM is working to better disseminate the activities and the progress related to the project.

Publish all the procurement information not only related to the airport but also to the functioning of the GACM

- GACM publishes all the information in its transparency portal, including information related to public contracts.

Publishing procurement information by the type of procedure used in terms of numbers and in terms of value

GACM website contains all such information.

Provide clear definitions of the procurement procedures and the most common exceptions to public bidding that are foreseen

GACM has a guide on its website in section “21 Paquetes” about the public procurement cycle, as well as the most common exceptions to public tender.

Proactively establishing and publishing online guidelines in plain language on all the information enclosed.

GACM’s website contains videos to explain the NAICM project.

Publish procurement plans in a usable format that can allow distinguishing from what was already procured, what is currently being procured, and what will be procured in the future.

GACM publishes a user-friendly version of the annual procurement plans.

Proactively publish on its website all the relevant information such as annual procurement programs, tender procedures, contract awards history, and modification to contracts and formal complaints (inconformidades)

GACM’s website (section “21 Paquetes”) contains all such information.

Publish the signed declarations of bidders on its website

GACM’s website (section “21 Paquetes”) publishes the format of the declaration of integrity that participants in tenders have to sign.
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| **1. Establish and implement a formal NAICM communications and outreach strategy** | • As of the last trimester of 2015, GACM assembled a team to manage its communications.  
• On 26 February 2016, the General Directorate on Regulations for Communications of the Ministry of the Interior (SEGOB) approved the request by GACM to develop its own communications annual programme.  
• GACM’s Board also approved the Communications Programme during its first ordinary session of 29 March 2016.  
• Currently, SHCP is reviewing the application of GACM to get a budget allocated for communications. Once this budget is approved, the Communications Programme will be formally registered in the System of Information on Regulations for Communications. |
| Empower GACM as the leader of day-to-day communications and outreach efforts | • Between November and December 2015, 13 press statements were released and one press conference took place.  
• From January to July 2016, 12 press statements and one informative note have been released. Six out of the 12 press statements are related to the different phases of tender procedures.  
• In February 2016, GACM opened its Twitter (@NvoAeropuertoMx) and Facebook (@NvoAeropuertoMx) accounts. The Facebook and Twitter accounts had about 400 and 1 189 followers, respectively, until July 2016. GACM had posted until then 1 009 tweets.  
• GACM has put together a communications kit (i.e., brochure) for visitors to the construction site. |
| Create a formal communications and outreach office inside GACM | • As of the last trimester of 2015, GACM assembled a team to manage its communications.  
• On 26 February 2016, the General Directorate on Regulations for Communications of the Ministry of the Interior (SEGOB) approved the request by GACM to develop its own communications annual programme.  
• GACM’s Board also approved the Communications Programme during its first ordinary session of 29 March 2016. |
| Appoint a director / spokesperson for the NAICM project | For all practical purposes, the General Director of GACM is playing the role of the project’s spokesperson, as illustrated by his interventions in different media outlets. |
| Create a formal communications and crisis management committee | • A Committee for Social Communications of NAICM was established on February 2016, with the participation of SCT, the Deputy Ministry for Transport, Parsons, as well as the Communications and Transparency units of GACM, the Corporate Directorate for Infrastructure, the Corporate Directorate for Planning, Evaluation, and Outreach, and the Corporate Directorate for Administration and Real Estate Management.  
• The committee met three times during the first semester of 2016. |
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| Prepare crisis management manuals and train the spokesperson for media and crisis management | • GACM developed its Communications Programme and a Manual for situations of risk, disaster, fortuitous events, and crises during the construction of NAICM.  
• The Communications Programme establishes its objectives, different communication audiences and messages, activities, strategies, including the digital strategy (i.e., website and social media), and the role of the Committee for Social Communications.  
• The Manual for situations of risk, disaster, fortuitous events, and crises during the construction of NAICM aims at anticipating contingencies and the corresponding solutions, developing spokespeople specialised in crises management, preparing specific press statements for each situation, as well as aligning to institutional, legal, administrative, environmental, civil protection, and health protocols. |
| Conduct public opinion studies and focus groups to understand stakeholders’ aspirations and concerns | • GACM needs to understand better the information each audience needs and would consider useful. Carrying out opinion surveys and focused groups would be useful for this purpose, but may require resources which the Communications Unit still does not have.  
• This research may also help enrich the contents in the GACM website and social media channels.  
• There are several initiatives in the Communications Programme that are still to be carried out. For example, monthly press statements, press conferences, and visits to the construction site every three months. These activities would also help close information gaps and address the request by civil society organisations to get periodic updates. |
| Create tailored messages for different audiences | Although GACM has started developing tailored messages for specific audiences (i.e., publication in the CMIC magazine), this task would benefit from the input of those audiences. |
| Strengthen the functions of outreach and community liaison | While there has been an important process of outreach with different stakeholder groups, social consultation is still a pending issue. |
| Define a calendar for private meetings with key stakeholders to keep them abreast of the evolution of the project | • There is important progress as there are formal working groups with specific stakeholders (I.e., CMIC), while others are in the process of establishing an agenda and a calendar of meetings (i.e., National Citizen Observatory of NAICM).  
• There is also a calendar for meetings and interviews with media. |

2. Establish and implement an internal communications strategy

<p>| Appoint a responsible person for internal communication | For all practical purposes, the Deputy Directorate for Administration is the leader for internal communications and it was in charge of the development of an Intranet. |
| Define the communication tools and channels | The Intranet has been defined as the main tool for internal communications, as well as the messages posted in this channel. |
| Create an Intranet to gather all relevant information that will be available for the team | The Intranet can be the tool to overcome communication bottlenecks and facilitate document sharing on issues relevant for the whole organisation. It includes the following modules: directory, human resources, committees, regulatory stock, corporate directorates, communications, SIGA, multimedia, and |</p>
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<td>internal control body (OIC). In addition, it has banners on training, health, and transparency, as well as a space for organisational tips.</td>
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Define a calendar for internal communication meetings

- The OECD team has witnessed that GACM staff spend a lot of time in meetings. While this serves as a mechanism to facilitate internal communications, some meetings could be scheduled with a fixed periodicity.
- Some meetings, such as those of the Directive Committee, are scheduled weekly, while others are more ad hoc.
Annex 2: Summary of recommendations in the progress report and their links to the recommendations to the November 2015 OECD Review

<table>
<thead>
<tr>
<th>General recommendations from the November 2016 progress report</th>
<th>Associated 100 Recommendations from the OECD Review Effective Delivery of Large Infrastructure Projects (November 2015)</th>
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<tbody>
<tr>
<td><strong>Medium-term (6 months)</strong></td>
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<tr>
<td>Anticipate risks (i.e., social, reputational, environmental, political, and so on) that will emerge as the project progresses through timely management that includes agreements and other co-ordination mechanisms, particularly at two levels: First, between GACM and those entities which will also carry out works (i.e., hydraulic works) or projects (i.e., Airport City, land use maps, etc.) which, if not managed properly, may hinder the ability of GACM to move on schedule. Second, between GACM and sub-national authorities, which will be required to address emerging issues as the project develops (i.e., noise, pollution, traffic, etc.). Co-ordination mechanisms will be required to facilitate the development of solutions to increasingly complex problems that are arising as the project unfolds.</td>
<td>• Leveraging on the lessons of the Workshop on governance of megainfrastructure projects (24 October 2016), consider several mechanisms, including formal ones, to improve vertical and horizontal coordination. • Design how the selected mechanisms will work (i.e., how decisions will be taken, how often meetings will take place, participants, etc.). • After a few sessions, the mechanism can be evaluated based on its problem-solving effectiveness.</td>
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<td>Carry out the social consultation scheduled to take place during the second half of 2016: Social consultation is a pending issue and should be completed to facilitate buy in from stakeholders with an interest in the surroundings of the construction site.</td>
<td>• Run the social consultation in strategic points, for example, municipal halls, parks, the old airport, etc., using also dedicated social media channels when possible. • Compile the results in a document that not only identifies the main community concerns, but also provides alternatives to mitigate risks and address those concerns. • Communicate the results. • Engaging with groups of suppliers to explore ways to encourage them to develop their own standards and programmes to enhance integrity in their relationship with the GACM. • Continue with the involvement of civil society experts through the inclusion of social observers in key procurement procedures.</td>
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<tr>
<td>Considering the constrained timeline for the project and its execution to date, accelerate the implementation of a working group allowing for coordinated procurement expertise in the decision making process and providing all relevant stakeholders with the opportunity to review and monitor progress with the project programme and budget and recommend corrective and preventive measures, as necessary. The working group</td>
<td>• Map the involvement of the different stakeholders in procurement processes. • Create a project-oriented steering committee federating the different expertise. • Define the critical procurement milestones for each package to ensure their assessment by the steering committee. • Develop follow-up mechanisms of decisions taken by the steering committee. • Ensure the OIC does not only perform a control</td>
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could also carry out an analysis identifying key reforms for the success of the project beyond construction, addressing, for example, issues such as its regional impact and mobility.

role but also serves as an advisory body for GACM management and procurement units to achieve greater effectiveness and efficiency of the procurement process.

Mexico’s government should allocate the necessary resources to SFP to facilitate its engagement through the dedicated procurement support group (*Mesa de Acompañamiento*) beyond the tender relating to the construction of the terminal building to other relevant packages, such as the platforms or the support buildings as a mean to foster co-ordination among stakeholders and allowing for the development of adequate tender documentation, while being compliant with the regulatory framework. Given that the tender for the terminal building is planned to conclude in December 2016, SFP could reallocate the resources of the *Mesa de Acompañamiento* to another tender process implying significant amounts and risks.

- Identify detailed evaluation criteria and weightings tailored to the specifics of each package.
- Define formulas used to score proposals received.
- Implement into each package strategy positive evaluation criteria for specific policy objectives rather than administrative qualification requirements.
- GACM procurement units and the OIC could work closely with the GACM internal control committee and the SFP’s *Mesa de Acompañamiento* to ensure efficient and transparent procurement procedures.

Expand and deepen the procurement risks management strategy to develop a more holistic approach to project risks. The risk map should notably integrate risks linked to the overall procurement sequencing and how this structure could impact project delivery. Risks posed by the timeline of the project, its impact on available resources from the private sector, the potential delay caused in one package and influence on other procurement processes could be included in the assessment. On top of that, GACM should appoint an official in charge of the risk management function.

- Set up a formal risk register for procurement processes and define corresponding roles and responsibilities within GACM.
- Map all potential risks affecting procurement processes.
- Assess their severity, likelihood and consequences.
- Identify corresponding mitigation measures which are, or could be, implemented.
- Periodically re-assess the existence and qualification of risks and the effectiveness of mitigation measures.
- Developing a corruption risk map of the organisation and its processes in order to identify the positions of officials that are particularly vulnerable, the activities in the procurement cycle where risks can arise, and the specific projects at risk. This will also allow the GACM to:
  - use a system of red flags following the development of a risk map;
  - develop an integrity plan to facilitate the development of mitigation strategies following the mapping of specific corruption risks and thus ensure that all parties involved in the process are aware of existing integrity risks and mitigation mechanisms, as well as their own responsibilities.
| Take ownership over key risk management activities, including internalising the corruption risk mapping and mitigation strategies developed by a consultancy: Even if this mapping was not developed internally, oversight, communication and awareness efforts by internal staff should complement it. Beyond socialisation, active risk management and ongoing update should be the outcome. | - Raising awareness of corruption risks among its personnel, particularly among those involved in the procurement process.  
- Reducing in its procurement manuals the threshold for the mandatory use of social witness for the procurement of public works, goods and services; as well as including in its procurement manuals other conditions under which a social witness needs to be included.  
- Developing standard bidding documents for the technical and economic proposals, statement of integrity, and disclosure forms for current commitments and financial situation.  
- Implementing the two-envelope approach to ensure that procurement decisions are taken according to the set criteria.  
- Implementing the four-eyes principle to limit public officials’ discretionary power and ensure a certain level of deliberation and the protection of the public officials from suspicion.  
- Ensuring that its existing internal integrity mechanisms are known by and applicable to consultants, outsourced personnel and subcontractors as much as it applies to GACM personnel, through for example a code of conduct. |
| --- | --- |
| Implement new communications protocols to maximise the transparency of the progress of the project: For example, progress reports every three months, a progress dashboard as part of the webpage to monitor physical and budget exercise of contracts, and periodic press conferences. Such progress updates would also move GACM to exercise a more rigorous monitoring of contract performance. | - Define the protocols to be followed in the Communications Programme and the Transparency Strategy, as well as how both will link.  
- Define the type of protocols (i.e., continuous vs periodic) and their periodicity.  
- Make sure such protocols are fit for different stakeholders and the concerns they have expressed (i.e., getting to know the physical and budget exercise of the works).  
- Publishing all the procurement information not only related to the airport but also to the functioning of the GACM.  
- Publishing procurement information by the type of procedure used in terms of numbers and in terms of value.  
- Publishing procurement plans in a usable format that can allow distinguishing from what was already procured, what is currently being procured and what will be procured in the future.  
- Proactively publish, on its webpage, all the relevant information such as annual procurement programmes, tender procedures (solicitation documents, minutes of the clarification meetings and of the opening of tenders), contract awards history, and modification to contracts.  
- Publishing the signed declarations of bidders on its website. |
Build the political support required to carry out the corporate governance reform: While the plan to reform GACM corporate governance incorporates some OECD standards, political leadership will be needed to make sure reform actually happens. The Office of the President, the Ministry of Communications and Transport (Secretaría de Comunicaciones y Transportes, SCT), the Ministry of Finance and Public Credit (Secretaría de Hacienda y Crédito Público, SHCP), and SFP, among other public entities, should all support this process to favour its successful completion. The process will require decisions by the Board and then planning and execution (i.e., recruitment of independent members of the Board, setting up the internal audit function, etc.).

- Raise awareness about the need and implications of corporate governance reform and invite the Centre of Government to draft a letter of expectations for the Board.
- Define a mechanism to nominate GACM Board members. The mechanism should be transparent and merit-based.
- Incorporate independent members to GACM Board.
- Develop a training module for new GACM Board members.
- Regulate the participation of alternate Board members in the meetings.
- Establish the internal audit function (preferably internally).
- Develop a mechanism to evaluate the performance of the Board (i.e., methodology, periodicity, indicators).
- Ensuring that the GACM has the needed resources, structure and capacities to ensure transparency over its procurement activities.

Complete the implementation of the Airport Group Institutional System (SIGA): Currently, GACM does not have a centralised database for the whole organisation. So, retrieving and collecting information should be done manually. SIGA should facilitate an automatic process so that all GACM departments can update information, access it, and use it for different purposes, such as satisfying transparency requirements, producing audit reports, manage contracts and follow up their progress, among others.

- Complete implementation of SIGA in the corporate directorates in which it is still not working.
- Ensure interoperability with different platforms for different purposes (i.e., monitoring works, provide information to the public, control spending, etc.).
- Collect feedback from the different corporate directorates to assess SIGA’s usefulness and improve it.

Review the scope of market analyses as they play a crucial role in defining the most efficient procurement process, thereby mitigating the risks of delays or the use of unjustified discretionary procurement processes. To promote suppliers’ engagement, a summary of the market analysis and its impact on the tender structure and documentation could be attached to the published tender notice. Market research skills should also be strengthened to make it effective in improving the quality of tender procedures and the choice of type of competition.

- Advertise and carry out information sessions prior to the finalisation of each package strategy and documentation to assess market capabilities.
- Include feedback received into each package strategy and documentation.
- Define appropriate weightings for proposals committing to subcontract part of the works to SMEs according to the nature of the works carried out and to market capabilities.
- Encourage the creation of consortia of SMEs for packages where required resources are proportionate to SMEs capabilities.

Continue working on developing a robust integrity culture: Some actions that would favour integrity include the development of additional policies on conflict of interest and

- Providing training for procurement officials on integrity, ethics and anti-corruption tools.
- Developing a comprehensive conflict of interest policy, including the development of a
whistleblower protection, as well as practical training on resolving ethical dilemmas. Building on the updated Code of Conduct and conflict of interest tools, GACM may reinforce the training of its staff by providing practical guidance on how officials are expected to apply standards in their day-to-day activities and to react to difficult situations.

| Upgrade the internal control and audit system and strengthen the capacities of the Internal Control Body (Órgano Interno de Control, OIC): The OIC, which was recently established, is working with only six staff members. The OIC would require additional resources to provide advice and control throughout GACM activities | SFP could ensure the OIC does not only perform a control role but also serves as an advisory body for GACM management and procurement units to achieve greater effectiveness and efficiency of the procurement process.  
• Exploring the possibility to designate an integrity monitor that can follow all the procurement cycle. |
|---|---|
| Strengthen GACM’s culture of transparency by developing an archives system and a database where the information disclosed is aggregated and regularly updated in order to allow for an easier visualisation of the evolution of the NAICM project and related budgets through continuous and joint efforts by all GACM corporate directorates. | Publishing all the procurement information not only related to the airport but also to the functioning of the GACM.  
• Publishing procurement information by the type of procedure used in terms of numbers and in terms of value.  
• Publishing procurement plans in a usable format that can allow distinguishing from what was already procured, what is currently being procured and what will be procured in the future.  
• Proactively publish, on its webpage, all the relevant information such as annual procurement programmes, tender procedures (solicitation documents, minutes of the clarification meetings and of the opening of tenders), contract awards history, and modification to contracts.  
• Publishing the signed declarations of bidders on its website. |
| Focus the communications programme and its strategies according to the needs of different audiences, and ensure useful information is made accessible by GACM via surveys and focus groups to fully understand such needs | • Ensure the budget necessary for the Communications Unit to operate.  
• Carry out surveys and/or focused groups to understand the information needs of different stakeholders.  
• Incorporate the results into the Communications Programme and adjust strategies, messages, and tools accordingly.  
• Providing clear definitions of the procurement |
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<th>Long-term (beyond 6 months)</th>
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| Incorporating in the new organisational model the processes, policies, and functions to secure accountability and integrity in decision-making and to implement it: It should be clear, for example, who is accountable and who takes decisions when the execution programme needs to be adjusted. The UK Infrastructure Client Group proposes some criteria to carry out this analysis. | • Complete the plan for the strategic alignment of processes and responsibilities, with the new operating model (it should include the definition and vision of the NAICM project, as well as a planning scheme aiming at permanently monitoring progress and applying corrective measures, when necessary.  
• Complete the update of the organisation manual, including job profiles and ensuring adequate recruitment processes.  
• With the two previous inputs, identify capacity weaknesses according to the needs of the project stage.  
• Implement a mechanism to facilitate transparency, monitoring, and control of construction activities (i.e., tactical committees, directive committee, or some other).  
• Develop an outsourcing policy (i.e., a checklist).  
• Test the new organisation manual against the criteria developed by the UK Infrastructure Client Group. |
| Further develop the contract management framework. Introducing Service Level Agreements (SLAs) in contracts defining criteria for suppliers’ performance assessment and governance mechanisms to review progress and increase contract management capacities, both internal and external, considering the construction phase NAICM is entering into. As contract execution will dramatically increase in the coming months with the conclusion of additional tenders, contract management capacities should be strengthened to ensure keeping the works on time and budget. Actually, GACM should evaluate the performance of the contracts currently under execution and analyse whether they are meeting the timeline, budget, and quality expected. | • Introduce in the contracts service level agreements (SLAs) contributing to the successful completion of the works.  
• Include renegotiations mechanisms in contracts.  
• Periodically assess contractors’ performance against contractual provisions and quality requirements. |
Original recommendations already implemented

- Establish the wider governance map of the project.
- Establish protocols/traditions to celebrate the achievement of major milestones of the project.
- Update the financial analyses and alternative scenarios for the funding of the project.
- Identify major evaluation criteria and overall weightings common to all packages.
- Develop standardised response frameworks for bidders.
- Define formulas used to score proposals received.
- Identify stakeholders responsible for the assessment of proposals received.
- Map existing barriers to entry into the competition and carry out a cost-benefit analysis of such barriers.
- Assess the feasibility of removing existing barriers to entry into the competition.
- Lower transaction costs for bidders and GACM whenever possible/desirable by grouping distinct packages.
- Develop a strategy to engage suppliers, business associations, and experts in procurement processes.
- Define the structure of the dialogues with business and experts communities, including the participation of social witnesses.
- Develop a strategy to engage SMEs in procurement processes.
- Amending its code of conduct, taking into account that it will need to: i) outline to GACM personnel and partners what is expected of them in terms of conduct; ii) contribute to reinforcing integrity in the organisational culture by setting new norms; and iii) provide a disciplinary framework to sanction deviant behaviours.
- Developing specific standards for procurement officials, for example through Code of Conduct for GACM procurement officials.
- Ensuring that its Code of Conduct is known and create one code of conduct for all those involved in the procurement process including consultants, outsourced personnel and subcontractors.
- Checking any potential conflicts of interest before the procurement process begins and allowing bidders to disclose any potential conflict of interest they may have with the contracting organisation or with the other bidders.
- GACM’s OIC and the SFP could work together to develop a complaints’ template on the GACM’s website to allow suppliers and citizens to make complaints on line.
- Empower GACM as the leader of day-to-day communications and outreach efforts.
- Appoint a director / spokesperson for the NAICM project.
- Create a formal communications and crisis management committee.
- Appoint a responsible person for internal communication.
- Create an Intranet to gather all relevant information that will be available for the team.
Additional recommendations to be addressed and not covered by the 16 recommendations included in the progress report

- Establish a monitoring group with NGOs, academia, think-tanks, etc.
- Formalise a partnership with INAI.
- Formalise a partnership with COFECE.
- Review salary levels and employment stability to improve the working environment and avoid high levels of stress and/or turnover.
- Develop a strategy to engage stakeholders in planning and decision making, including mechanisms such as public meetings, targeted meetings, mailing lists, informational materials, media outreach, and repositories.
- Ensure that expertise required to draft contracts adapted to the nature of the project is secured.
- Design draft contracts tailored to the sequencing of the packages.
- Include into packages recurring follow-up activities for works requiring ongoing maintenance to increase attractiveness of public procurement operations.
- Develop a strategy to engage stakeholders in the oversight of the project, including public information and complaints management, third-party monitoring agreements, social witnesses, community monitors, and social contracts.
- Widely communicate the strategy to engage with suppliers to business and expert communities.
- Establish an analysis methodology and KPIs to assess the achievement of secondary policy objectives through public procurement.
- Create a formal communications and outreach office inside GACM.
- Strengthen the functions of outreach and community liaison.
- Define a calendar for private meetings with key stakeholders to keep them abreast of the evolution of the project.
- Define a calendar for internal communication meetings.
Annex 3: Safeguards and controls implemented by GACM in each step of the procurement cycle for the 21 packages

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<th>STAGE OF THE PROCUREMENT CYCLE</th>
<th>IMPLEMENTED ACTION REPORTED BY GACM</th>
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| Development of call for tender and technical annexes | GACM has the support of a number of stakeholders to support the development of calls for tender and annexes for procedures based on public tenders and invitations to at least three suppliers:  
  - Parsons  
  - Expert panels  
  - National Autonomous University (UNAM’s) Engineering Department  
  - Social witness |
| Sub-committee for the review of calls for tender | The Sub-committee for the review of calls for tender includes the participation of the following stakeholders:  
  - Social witness  
  - Internal Control Body (OIC)  
  - Parsons  
  - Legal and regulatory consultants |
| Publication of draft call for tender in CompraNet | During the 10 working days following the publication of the draft call for national or international tender, the public may send comments and suggestions to the Deputy Directorate for Procurement. Following this period, a working group meets to discuss those comments and suggestions. The group includes the following stakeholders:  
  - Deputy Directorate for Procurement (GACM)  
  - Purchasing department (GACM)  
  - Social Witness  
  - OIC  
  - Parsons  
  - Lead Architect  
  - Lead Engineer  
  - Legal and regulatory consultants |
| Publication of call for tender | GACM publishes in its website the call for tender for the corresponding package (all 21 packages are subject to public tender). Publication also takes place in CompraNet, as required by law.  
GACM developed standard documents for bid preparation in order to facilitate the process for interested suppliers and avoid their disqualification for administrative reasons. |
| Clarification meeting (Junta de aclaraciones) | Social witnesses appointed by the SFP, as well as the OIC, participate in clarification meetings.  
GACM developed standard documents in which interested suppliers can submit the questions to be answered during the clarification meetings, facilitating preparation for GACM. |
| Presentation and opening of bids | The event in which bids are presented and opened is public and includes the participation of the social witness appointed by SFP, as well as the OIC. |
| Assessment of bids | GACM implemented working groups for the assessment of bids, including the following stakeholders:  
- Purchasing department (GACM)  
- Deputy Directorate for Procurement (GACM)  
- Parsons  
- Specialised firms in technical assessment  
- Legal and regulatory consultants  
- Social witness  
- OIC |  
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<td>Contract award</td>
<td>The event to award the contract is public and involves the participation of the social witness appointed by the SFP, a public notary, and the OIC. Such events are broadcasted live in GACM’s website.</td>
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<tr>
<td>Contract formalisation</td>
<td>Contractual formats are revised by legal experts and contain clauses on integrity, anti-corruption and conflict of interest. This phase also involves the participation of the social witness.</td>
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