**Foreword**

Overall, OECD countries have improved the quality of their healthcare, but the price tag has been high – on average amounting to 9% of gross domestic product (GDP) in 2016. While healthcare has also improved in Mexico, the country persistently ranks low for health spending, a reliable determinant of a population’s health status. Furthermore, at just above 50% of total health expenditure, the share of public financing of healthcare in Mexico is the second lowest in the OECD. In addition, Mexico is facing pressing social challenges that have substantial implications for health such as an ageing population, pollution, sedentary lifestyles and obesity. To improve value for money and reduce health inequities, the country needs to further invest in cost-effective programmes that affect the personal, environmental and social determinants of health. This includes more effective public services that use health budgets – particularly public funds – more efficiently.

As one of the biggest government expenditures in OECD countries (around one-third of total government budgets), public procurement is increasingly recognised as a means of ensuring the efficiency and effectiveness of public service delivery. In the health sector, the public procurement of goods, services and infrastructure all contribute to meeting patients’ needs; from receiving cost-effective and efficient medicines to being hospitalised in the most appropriate setting.

The Mexican Institute for Social Security (Instituto Mexicano de Seguro Social, IMSS) is the largest social security institute in Latin America. As a key actor in Mexico’s healthcare system and largest public buyer, IMSS strives to be a leader in the strategic use of public procurement. IMSS recently called on the OECD to monitor its progress in implementing previous OECD policy recommendations on the integrity and efficiency of its procurement framework. It also asked for its procurement strategies and practices to be assessed against the 2015 OECD Recommendation of the Council on Public Procurement.

The ‘Second Public Procurement Review of the IMSS, Reshaping Strategies for Better Healthcare’ is the result of an OECD peer review on public governance. Such reviews help governments at all levels to design and implement strategic, evidence-based and innovative policies to strengthen their governance; respond effectively to diverse and disruptive economic, social and environmental challenges; and deliver on their commitments to citizens.

IMSS has made significant progress in transforming its procurement operations. It has improved efficiency by creating a strong procurement function that is adapted to its organisational structure. It has successfully led the largest procurement scheme in the Mexican public sector, not only saving more than MXN 14 billion between 2013 and 2016 for the benefit of all participating institutions, but also supporting productivity growth with an 18% increase between 2012 and 2017 in the number of medicines procured with the same amount of resources. A strengthened risk management system is
also allowing IMSS to address systemic issues in healthcare and procurement, such as fraud, corruption and the waste of public funds.

Alongside this progress, further avenues exist for IMSS to achieve procurement excellence and provide effective healthcare to citizens. For example, it could make better use of procurement data in developing future procurement strategies. By comparing alternative procurement strategies and their long-term impact, IMSS could also ensure sustained benefits. The Institute could contribute more to achieving national priorities, such as better access to healthcare, by aligning procurement strategies with national health policies. IMSS can also develop mechanisms to attract more small and medium-sized enterprises to public markets, such as dividing contracts into lots or increasing bidding periods, thus contributing to inclusive growth.

In the last few years, IMSS has made significant progress in reforming its procurement function to address some of its most pressing challenges. However, a wealth of opportunities still remains for IMSS to champion the Mexican health system and to reshape its procurement policies.

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