

Chapter 9. Unlocking the potential for innovation in the Mexican health system through public procurement

This chapter focuses on the extent to which IMSS uses public procurement strategically to promote innovation and serve the institute's beneficiaries beyond the achievement of traditional public procurement objectives. The chapter complements the general analyses previously undertaken (see Chapter 8) by discussing IMSS's current efforts to put procurement for innovation into practice, namely to leverage its buying power as one of the largest healthcare providers in Mexico to foster innovation and other complementary objectives.

As previously discussed, strategic procurement involves a shift from a unidimensional mandate to a multifaceted one. Doing so can obtain value for money while supporting additional policy objectives, such as innovation, inclusion of SMEs in public markets (Chapter 8), and environmental protection. It can moreover help institutions avoid unnecessary duplication, while creating synergies.

In addition to discussing current efforts carried out by the institute to promote innovation into its procurement practices, the chapter also highlights various future avenues that IMSS can pursue for this purpose, focusing on three areas:

1. Exploring the potential for innovation in the health sector
2. Fully utilising the existing room for public procurement for innovation by targeting every day practice
3. Working towards a supporting framework for procurement for innovation

Innovation and procurement can improve healthcare services and productivity

A pressing issue shared by countries around the world is how to improve the cost-benefit balance of health care services, i.e. how can the ratio of outputs to inputs in health care be substantially improved?

The situation in many countries is of rising costs both for government and private players, while health outcomes fail to keep pace. Without changes, rising costs could overburden governments as an ageing population and new healthcare needs become too costly. Health costs also affect jobs because in a system with a high share of private pay for health care coverage, some employers will respond to rising costs by not hiring more workers, or at least constraining the take-home pay of those they retain.

Change is needed as many elements of health care systems are built around assumptions from a different time, when the reality and possibilities of new technologies and increasing regulatory complexity, did not exist. The move towards patient-centred healthcare, i.e. putting patients' expectations at the centre of the healthcare system, can also be seen as a result of this need for change. This is a shift away from a situation in which patients negotiate in a fragmented, confusing and sometimes seemingly uncaring system that is a product of accumulated accident and unintended consequences rather than design (Kaufmann, 2012^[1]).

Research (OECD, 2015^[2]) clearly suggests a positive link between innovation, efficiency and productivity growth and points to the crucial role of public policies, such as research and development incentives, in fostering innovation. With healthcare accounting for 9% of GDP on average in OECD countries (OECD, 2017^[3]), the efficiency with which healthcare resources are used has a significant impact on overall productivity. The role of new technology and innovation in healthcare has been attracting increasing attention in this context. Better healthcare services, supported by effective procurement practices, have an impact on countries' economic development indicators, and notably on productivity. Indeed, measures to raise the rate of productivity growth in countries' economy have been a prominent element in economic policy debates.

While efficiency gains, i.e. achieving better results while using the same amount of resources, or achieving the same results by using fewer resources, can contribute to meeting these challenges, public procurement can further contribute to the provision of people-centred, high-quality care by fostering the achievement of policy goals such as the

application and spread of innovation. Consequently, traditional procurement practices must evolve to unlock the potential of innovation.

Indeed almost all governments are recognising the potential to use public procurement strategically to support complementary policy objectives, such as innovation. Alongside sustainability and inclusiveness, innovation – which underpins jobs, productivity and growth – remains a policy imperative for all countries.

What is procurement for innovation?

Procurement for innovation refers to how governments and public entities can use their substantial buying power to create demand for innovation. Procurement for innovation involves harnessing innovation to facilitate the delivery of better solutions through procurement practices. It can refer to a range of activities – from framing purchasing practices in a more innovation-friendly way by e.g. using more performance-based specifications, to public authorities initiating the development of new solutions in collaboration with suppliers and research and development providers.

The majority of OECD member countries already use public procurement as a tool to pursue complementary policy objectives, including innovation. Environmental considerations continue to be the key policy objectives that are addressed through public procurement. Almost all OECD countries surveyed (29 countries) support green public procurement through various policies and strategies at the central level and those developed by specific procuring entities. As one of the main demand-side innovation policies, public procurement is used in the majority of OECD countries (24 countries) to support innovative goods and services (OECD, 2017^[4]). Box 9.1 provides some examples of innovation in the health sector in the UK.

Innovation is about finding new and better ways of doing things (Semple, 2015^[5]). For example, patients could be offered online access to health professionals that could solve basic primary-care concerns without the need to visit a doctor. Electronic solutions could also support patient self-management and control, for instance by means of online access to medical records, test results and appointment booking. Some innovations can result in immediate savings for public entities, whereas others will save costs in the long-term while requiring an initial investment.

Box 9.1. United Kingdom examples of innovations in health

Through “The Health Foundation” initiative, several projects were selected to compete under the headline “Innovating for Improvement”. The aims were to identify projects to improve healthcare delivery and/or the way people manage their own health care by testing and developing innovative ideas and approaches and putting them into practice. The following projects were part of the competition:

- **Maternal risk assessment:** management by and with pregnant women, where they want and need it. ‘SAFER’ is a risk assessment tool that is used to assess antenatal risks and develop comprehensive clinical management plans. This project will involve testing this methodology and engaging pregnant women in its development and implementation, with the aim of creating a community-based model that will improve maternal outcomes.
- **Introducing tele-psychiatry into routine practice in an emergency department psychiatric service.** Tele-psychiatry uses video-conferencing to deliver mental health services from a distance. This project aims to improve patient satisfaction and reduce costs by trialling tele-psychiatry in three ways: to provide senior medical opinion on complex cases; to complete assessments at distance; and to provide follow-up home appointments using patients’ own technology.
- **Home monitoring to support patients during chemotherapy.** This project involves the piloting of an innovative remote monitoring service for cancer patients who are measuring their white blood cells, haemoglobin, body temperature and self-reported symptoms in their own home, with the aim of improving patients’ quality of life during chemotherapy and reducing the number of hospital visits.

Source: (The Health Foundation, 2015^[6]).

Procurement for innovation can contribute to other social objectives

Often, the implementation of procurement for innovation responds to social challenges which would be difficult to tackle through procurement processes carried out as an administrative, tick-the-box, exercise. Examples of how innovation procurement has been used to address needs and challenges in the health sector and also to pursue other secondary policy objectives such as environmental performance can be found across Europe.

For example, in the Netherlands the Erasmus University Medical Centre wanted to find better solutions for its need to disinfect 70 000 hospital beds and mattresses annually. These solutions should ideally use less energy and water compared to common methods of manual cleaning. The medical centre presented its need to the market, challenging suppliers to provide it with innovative solutions. Principles of procurement for innovation, such as a series of market soundings and outcome-based specifications, were used to stimulate cross-supply chain interaction. In the end the contract was won by a small enterprise that provided a robotic solution featuring high-precision cleaning robots from the automotive industry (EcoQUIP, 2016^[7]).

Box 9.2 offers other examples of types of public policy problems whose solutions have been supported by public procurement.

Box 9.2. Innovative procurement initiatives in Colombia

The National Development Plan (2014-2018) specifies procurement innovation as a cross-cutting strategy targeted to generate a higher economic and social value to enhance the conditions for the development of business activities. Several projects were developed, including the following pilots:

1. The Ministry of Information and Communication Technology (MinTic) acquired services for the development of a laboratory to develop management IT skills and information security. The purpose was to create scenarios to run security tests, cybersecurity and develop research in IT and information privacy. It is important to run tests of fictional scenarios to verify the quality of the current tools to protect information and to test new developments. Through this process, MinTic tests various security aspects in a safe and controlled environment. The direct beneficiary is the ministry itself, though other government agencies benefit from the developments too. In addition, Colombia seeks to encourage its youth to study IT; procurement for innovation in the IT sector is a good incentive for doing so.
2. The National Agency for Overcoming Extreme Poverty (ANSPE) identified the need for a programme that mixes technology and knowledge as a way to provide populations in extreme poverty with the tools and knowledge to generate income by developing soft skills. It therefore led the development and acquisition of an IT-based tool used to strengthen soft skills. Under this programme, innovation is created from the need to combine different strategies (educational, technological, etc.) to identify opportunities and knowledge to overcome poverty.
3. The *Empresas Públicas de Medellín* (the state owned enterprises of Medellín, or EPM) is undertaking a project to reduce wastewater by locating leaks. The project is looking through a procurement process for a system to control costs to be charged to the users within monthly bills and create awareness of the impacts of water consumption. The direct beneficiaries will be EPM and consumers. EPM will reduce its costs of finding water leaks; consumers will not pay for water lost. In fact, the costs for water lost due to leaks are transferred to consumers and has an important environmental impact. This will lead to awareness of water consumption and cost efficiencies.

Source: (OECD, 2017^[8]).

Measures exist in Mexico to promote innovation through public procurement and IMSS could build further on existing procurement-related innovation policies and efforts.

When it comes to policies for innovation, governments have traditionally directed their efforts towards the supply side, creating conditions for the private sector that are favourable for innovation. Recently, however, “demand-side” policies to support

innovation have also become prominent, increasingly recognising public procurement as a potential strategic instrument to encourage innovation.

Successful implementation of procurement for innovation requires an understanding of how innovation works, including the conditions that either enable or hinder it. It also requires an understanding of how these conditions can be created or modified in a procurement context, both at the organisational and at the operational level, with the aim of creating purchasing solutions that better meet identified needs.

An indispensable prerequisite for strategic public procurement is a legal and regulatory framework that allows for incorporating complementary policy objectives, such as innovation, into procurement policies. Countries use a variety of policies, strategies and other instruments for encouraging and developing procurement for innovation. While some countries – such as Canada, France, and the Netherlands – approach this task by developing a stand-alone action plan for procurement for innovation, other countries – such as Colombia, Spain and New Zealand – have procurement for innovation as a part of their general innovation or procurement strategy (OECD, 2017^[8]).

Although IMSS does not currently have in place an institutional framework for innovation procurement, it has already taken steps in that direction (for example, see Box 9.3), laying what could be the foundations of an innovation procurement strategy. IMSS could build further on existing procurement-related innovation policies and efforts.

In 2013 President Enrique Peña Nieto instructed the Ministry of Economy to create a programme to drive innovation through public procurement. To fulfil this mandate, the Ministry of Economy will concentrate efforts on promoting innovation, especially within micro, small and medium-sized firms, and improving public services through innovative products and services. This will involve a three-phase plan:

1. Short term: design and pilot innovation on a small scale.
2. Medium term: implement the innovation programme in Federal Government.
3. Long term: promote a culture of innovation and scientific development (OECD, 2017^[8]).

Box 9.3. IMSS's Innovation Olympics

The Innovation Olympics (*Olimpiadas de Innovación*) are an IMSS-organised contest for ideas and innovative projects for improving patient care in IMSS in different fields and professional disciplines. The competition is open to multidisciplinary teams, including at least one IMSS worker. With this initiative, IMSS seeks to capitalise on the Institute's talent pool in order to improve patient care.

The Innovation Olympics offer an opportunity for IMSS' procurement activities to promote innovation. As a start winning projects from the Olympics could be used as pilots for gaining more experience in the uptake of innovative solutions through procurement. Influenced by the set-up of the Olympics, this could be organised as cooperation involving procurement officials and the clinical or technical personnel with a first-hand knowledge about the needs. Depending on the project/concept it might also be suitable to conduct market consultations to work with suppliers to develop new solutions.

Source: Information provided by IMSS

Mexico's Innovative Development Program 2013-2018 (*Programa de Desarrollo Innovador 2013-2018*) (Secretaría de Economía, 2013^[9]), developed by the Ministry of Economy, mentions national markets as one of its strategic targets. It aims to strengthen domestic and foreign demand (including public-sector demand) for innovative products, services and business models created in Mexico. The Special Program for Sustainable Production and Consumption 2014-2018, co-ordinated by the Environment and Natural Resources Ministry (SEMARNAT), includes among its objectives increased green public procurement (SEMARNAT, 2014^[10]).

Several elements of the policy environment at the federal level include references to the pursuit of complementary objectives through procurement, including innovation and environmental considerations. The "Law for the Development of the Competitiveness of Micro, Small and Medium Enterprises" explicitly provides for public procurement processes to take into account certain complementary policy objectives. Article 14 of the Law of Rentals, Acquisitions and Services by the Public Sector (LAASP) provides for the option for giving preference to certain suppliers, such as small and medium-sized enterprises (SMEs) offering goods featuring innovative technology certified by the Mexican Institute for Intellectual Property (*Instituto Mexicano de la Propiedad Industrial, IMPI*).

The Law on Public Works and associated services (LOPSRM) allows for the use of restricted invitation or direct acquisition mechanisms in the case of a strategic alliance formed to apply innovative technology to national infrastructure (including IMSS's infrastructure).¹ The ROPSRM (art. 99) allows for the possibility of modifying technical specifications if new technological advances justify them. In addition, the LAASP and the administrative manual include provisions for the substitution of goods and/or services by those with advanced technologies which comply with several environmental sustainability criteria, such as energy savings, low emissions of pollutants and/or gases, low water consumption and/or high reutilisation, or low generation of waste (Articles 18 and 20).

However, these provisions are exceptions to public tenders and are applied in a way that limits competition and also limits scope and impact. Elsewhere in the OECD there are ways to encourage and include innovation in open competition and more general scope. For example, under the European public procurement directives, methodological features of “innovation friendly” procurement, such as focusing on communicating needs and proposed functions, market engagement and use of performance based specifications, are possible (Box 9.4).

Box 9.4. “Innovation friendly” procurement in Norway

Political support for the potential of public procurement as an effective innovation instrument has been recently achieved in Norway. At the same time, Norway has a decentralised procurement system and highly independent procuring entities. Thus, to promote a more widespread application of procurement for innovation, the contracting authorities needed more support. As a result, a programme was established in 2010 dedicated to promoting procurement for innovation and for supporting contracting authorities in carrying out procurement in a more ‘innovation friendly’ way. The programme was a collaborative effort between the organisations representing the three major stakeholders in public procurement: the confederation for enterprises (suppliers), the association for local level procuring entities and the agency responsible for central procuring entities.

Since 2010, the programme has contributed to more than 100 projects using the procurement process as a strategic instrument to encourage innovation. The projects focus on several areas, including healthcare, digitalisation, building and the environment.

Another part of the programme’s work is to initiate processes to scale up and co-ordinate individual local efforts that are of national interest, e.g. procuring welfare technology, knowledge exchange, improving market conditions and targeted efforts to develop new and better solutions for the public sector and citizens.

Evaluations of several of the projects show cost-savings, environmental benefits, and qualitative improvements in public sector services. Also noteworthy is the finding that suppliers involved in these “innovation friendly” procurements invest six times more in innovation than suppliers who have not been involved. This supports the argument for using public procurement as an effective demand-side innovation instrument for governments (Menon, 2015^[11]).

Source: (National Programme for Supplier Development,(n.d.)^[12])

However, procurement officers at IMSS currently make little use of Mexico’s existing framework; the institute’s day-to-day procurement practice does not seem to reflect the strategic goals set out in Mexico’s Innovative Development Program 2013-2018 or the Health Sector Program 2013-2018 (Secretaría de Salud, 2013^[13]).

Making IMSS procurement more innovation friendly

IMSS could build on the existing strategic priorities of innovation and health at the national level and translate them into its own procurement activities. In this way it could

harness its substantial buying power in the marketplace to achieve better healthcare services and greater productivity.

It could use procurement for innovation strategically to address challenges such as:

- geographical differences in health care access and quality
- the need to respond to the changing healthcare needs of the Mexican population, including ageing, sedentary lifestyles, obesity and diabetes; to the transition from the prevalence of infectious diseases to degenerative ones; and to the need to promote preventive medicine
- the need for patients to assume co-responsibility for their health.

However, achieving these improved outcomes through innovative solutions identified in public procurement processes requires structuring procurement practices. Good practices employed by OECD countries to encourage public procurement for innovation include (OECD, 2017^[8]):

- identifying the innovation objectives to be pursued through the use of public procurement in accordance with national priorities
- introducing the use of procurement for innovation in the legal and regulatory framework
- creating incentives for procurement for innovation
- considering the capacity and capability of the procurement workforce to support procurement for innovation
- putting in place professionalisation activities to equip procurers with adequate technical knowledge to conduct procurement for innovation, including risk management
- raising awareness on the part of procurers and potential suppliers
- establishing systems to monitor the impact of procurement for innovation and balance cost/benefits
- framing procurement needs through a thorough needs analysis involving relevant stakeholders, such as beneficiaries or employees, with the aim of encouraging collaboration in interdisciplinary teams
- carrying out a market consultation on the identified needs
- providing for flexibility to reframe needs and organise tendering process based on the information acquired with the aim of encouraging collaboration
- using performance-based specifications
- following up on the implementation of innovation during the contract period
- creating legal provisions or regulations to open up public procurement to innovative firms
- allowing for the preferential treatment of innovative companies (including purchasing assurance schemes, framework contracts for certified products).

Although these activities are listed in a loosely chronological order, different situations require different approaches. There is no one-size-fits-all approach to procuring the most innovative solution. Some of the listed activities can be combined, repeated or omitted depending on the specific circumstances, namely the type of product to be procured, the maturity of the market, the contract value, the ambition of the purchasing entity and the procurement skills available.

While overarching strategies can provide general guidance for the implementation of public procurement for innovation, it is also necessary to work on incorporating

innovation considerations at each individual stage of the procurement cycle. It is helpful to divide the procurement process into the following stages in order to identify the opportunities for introducing innovation at each stage (Clement, Watt and Semple, 2016^[14]):

- Pre-procurement
- Deciding on the procurement procedure
- Defining the subject of the contract (subject matter)
- Selection/exclusion of bidders
- Technical specifications
- Award criteria
- Contract management

IMSS could put procurement for innovation into practice throughout these stages, targeted to specific innovation priorities and balanced against capacity and efficiency constraints. Based on the existing legal and regulatory framework, measures could be particularly effective in the pre-procurement and planning phases, in the technical specifications, in the award criteria, and in contract management – either because they represent low-hanging fruit or build on existing measures (Clement, Watt and Semple, 2016^[14]). This section contains a selected set of measures that could achieve good results in IMSS's specific context, without imposing an excessive burden on the institute's procurement system.

Embedding measures which support innovation throughout the procurement cycle

Considering innovation in the pre-procurement and planning phases could help IMSS exploring the potential availability of innovative solutions in the markets

The pre-procurement or planning phase is crucial to ensure the implementation of innovation objectives, as it can help IMSS explore the potential availability of innovative solutions to fulfil its needs. Currently, however, market research carried out by IMSS suffers from some limitations, as noted in Chapter 3. The following concrete measures could be beneficial (Clement, Watt and Semple, 2016^[14]):

- Raise awareness amongst the requiring and contracting units of the importance of considering innovation as an essential component of market investigations. Currently even the fact that incorporating innovation objectives in the planning phase is an option seems to be largely unknown.
- Provide training and guidance material on including innovation objectives in needs analysis. Currently, requiring areas seem to work on the basis of needs for specific products, rather than needs for results.

One of the most crucial components of a procurement environment conducive to innovation is engaging with markets to gather information about industry trends and potential for innovation. For example, the purchase of medical devices would offer good opportunities for implementing innovation procurement. Medical devices are essential for the diagnosis, treatment and rehabilitation of diseases, and therefore play an important part in equipping IMSS to be able to deliver better healthcare services. Moreover, Mexico has a well-developed cluster of medical device suppliers, with exports valued at USD 7.7 billion in 2014, according to the Ministry of Economy (Secretaría de Economía, 2015^[15]). This highly specialised supplier base has the potential to provide IMSS with innovative

medical-device solutions, and IMSS could leverage its purchasing power to encourage this result.

IMSS has recently been engaging in a dialogue with suppliers on the consolidated purchases of therapeutic goods, holding weekly meetings with relevant business chambers to discuss the issues that most frequently hinder the contractual relationships arising from consolidated procurement. IMSS has worked to ensure that calls for tender and delivery conditions captured these market opinions.

Yet, it does not seem that this forum is successfully used to increase IMSS's awareness of new potential solutions to its needs. Pre-tender dialogues with suppliers and suppliers' meetings could also be used to flag up innovative solutions as well as obsolete products, and to explore how functional requirements and award criteria could be used future procedures so as to encourage innovation (see the sections below).

IMSS could frame technical specifications so as to encourage innovation and adapt award criteria

In IMSS, technical specifications are usually determined by the requiring area, with little input from the central purchasing unit that conducts the public procurement process. However, a smart definition of the technical specifications to be procured represents one of the most important aspects of designing a procurement procedure that not only helps IMSS achieve the best value for money, but also facilitates the pursuit of complementary policy objectives, such as fostering innovation.

In order to allow for technical specifications that facilitate procurement for innovation, the following measures could be implemented (Clement, Watt and Semple, 2016^[14]):

- Train and guide procurers to draft technical specifications that include performance requirements and technical standards or certifications that take innovation objectives into account.
- Raise awareness within the requiring units on the importance of considering these performance requirements and standards.

Alongside improved technical specifications, functional requirements could allow suppliers to propose innovative solutions by requesting what needs to be achieved, rather than the way in which this is done. This can encourage the exploration of innovative solutions that deliver the results sought by IMSS, but at a lower cost or with added advantages (Box 9.5).

Box 9.5. Using functional requirements to promote innovation

In 2015 and 2016 IMSS used a medical strategy known as therapeutic substitution in its consolidated purchases. Under this programme, written protocols were set up for the substitution of certain medicines by other drugs that, despite being differently formulated, have similar therapeutic action and pharmacological activity, including secondary effects. Therapeutically equivalent medicines can therefore include different chemical components or the same one, but in different dosages or routes of administration.

Therapeutic substitution is especially useful when expensive, patented, new or single sourced medicines are prescribed. This strategy can be seen as a way of focusing on functional performance, namely on what is to be achieved rather than how it is to be done. Although this scheme only applied to a very specific set of goods, and is not a principle of horizontal application for the drafting of technical specifications as a rule, it sets a precedent and could offer learning experience for IMSS to extend the use of functional requirements across its entire procurement practice.

Source: Information provided by IMSS

IMSS is advised to include functional requirements in its technical specifications, so as to invite innovative offers and attract the highest possible number of bidders (including those offering substitute products), while increasing its chances of obtaining better value for money and deterring collusive practices. Moreover, functional requirements defined to support innovation can help deliver other complementary objectives, such as environmental-friendly solutions.

Capturing innovative dimensions requires an evaluation framework which allows for the comparative assessments of tenders according to several objectives. For example, procurement award criteria at IMSS are often based solely on price. However, they can also reward innovation and performance.

Following up on the measures laid out in Chapter 6, IMSS could (Clement, Watt and Semple, 2016^[14]):

- Raise awareness among contracting and requiring units that the use of exceptions to public tendering should be as limited as possible to ensure a genuine competition ultimately supporting innovation.
- Raise awareness and provide training and guidance on the use of the points and percentages system to give extra weight to innovation considerations when selecting bidders. For example, a bidder whose product includes an innovative feature, such as increasing environmental performance, could receive more points than non-innovative alternatives.
- Publicly acknowledge outstanding procurement processes where smart award criteria have led to an efficient outcome in terms of both price and objectives of finding innovative solutions.

Adapting contractual relationships to the investments required to innovate would provide IMSS and its suppliers with more incentives to develop innovative products

As noted in Chapter 6, in many cases, IMSS could foster innovation by extending the duration of contracts stemming from procurement procedures. This is particularly relevant in the context of consolidated procurement. Short contract periods, such as the one-year contracts resulting from consolidated purchases, not only increase the administrative burden for IMSS's procurement officers, but can also be a barrier to innovation by failing to justify investments in innovation by firms. By extending the contract period to 2 or 3 years, IMSS could foster these investments by giving firms a reasonable period to recoup them, while at the same time increasing the transactional efficiency of its purchasing processes.

In general, longer contract periods also improve the possibility to include pro-innovation clauses, such as provisions allowing for the incorporation to the product of any innovations arising during the contract's validity period.

Skills and collaboration: to reap the benefits of procurement for innovation IMSS should invest efforts in developing the skills of its procurement workforce and increasing coordination with subject matter experts.

As well as adaptations to the procurement environment, effective procurement for innovation requires the skills and capacity to tackle the increasing complexity of the corresponding tenders. Building these in the procurement workforce is an essential condition for the success of procurement for innovation, since it is procurement officers who are in charge of implementing market engagement, using functional requirements, performance-based specifications, and diverse award criteria, as described above and in Chapter 6. Procurement officers must be trained to take innovation objectives into account throughout the procurement cycle.

A mind-set shift from zero risk tolerance to reasonable risk-taking would also help IMSS's procurement workforce to put procurement for innovation into practice. In this regard, IMSS should embrace the philosophy that although failure should be ideally avoided, it is also often part of the innovation process and can act as a learning opportunity. Strategic risk-management practices, embedded in a comprehensive framework (discussed in Chapter 7), could help IMSS mitigate many of the risks inherent to innovation.

Other participants in public procurement procedures can also play an important role in fostering procurement for innovation. Procurement officers can collaborate with firms and experts, who may provide input in the drafting of procurement documents, such as tender specifications. In this regard, models to create more inclusive teams would help IMSS encourage innovation through public procurement.

The active participation of clinical staff, namely the doctors and nurses in charge of providing patient care in practice, is also key for the implementation of innovative solutions. It is advisable that clinical staff be offered appropriate training to help them put the relevant innovations into practice.

In order to better provide training and guidance for the procurement workforce to implement innovation procurement, IMSS could deepen its collaboration with stakeholders such as other purchasing entities, innovation centres, or chambers of

commerce, in order to establish a lasting culture of innovation (OECD, 2017^[8]). The example from Chile in Box 9.6 illustrates how new models for collaboration between different stakeholders can have substantial impact on the professionalisation of procurement management.

Box 9.6. Innovative practice in Chile: workshops to improve regional public procurement

Experience indicates that while in general, procurement officers know the rules of public procurement, requests from technical areas are often carried out with inadequate time, or do not provide enough information for the procurement area.

In this initiative, two institutions with complementary expertise collaborated to contribute to the public procurement management of municipalities. ChileCompra provides technical and practical knowledge of public procurement. In addition, the project counted on the participation of the Comptroller General of the Republic (through its regional comptrollers), which provides legal and administrative knowledge. This joint effort is part of the advisory role of both institutions.

Both institutions hold practical workshops in each municipality for procurement officials and all relevant actors in municipal procurement, including requesting areas and municipal officers. This highlights the fact that public procurement is an institutional activity, where all efforts are relevant. For the first time, two institutions with complementary expertise in procurement management are working together. This synergy implies better quality workshops, in which solutions to everyday problems in public procurement can be found at the local level.

Source: (OECD, 2017^[8]).

Proposals for action

To summarise, IMSS could build on its recent interest in fostering innovation to implement procurement for innovation. Several actions can be implemented by IMSS to make the most of the potential for innovation in the health sector so as to improve health services and increase productivity:

- Adapt evaluation mechanisms to capture innovative dimensions in suppliers' proposals.
- Design procurement processes to be innovation friendly. Innovation considerations should play a central role in the conduct of market investigations and needs assessments, as well as in the drafting of tender documents.
- Use multiannual contracts to encourage innovation (when appropriate) by offering bidders the possibility to recoup initial investments.
- Strengthen capacity building and awareness-raising exercises for IMSS procurement staff to give them the skills to put procurement for innovation into practice.
- Explore the possibility of pursuing secondary policy objectives when using public procurement for innovation since complementarities could be found that could generate additional value for IMSS.

Note

¹ In Fraction XIII of its Article 42.

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