Strategic framework, action plan and scope for procurement for innovation policy

In 2013, President Enrique Peña Nieto instructed the Ministry of Economy to create a programme to drive Innovation through public procurement. In order to fulfil this mandate, the Ministry of Economy, on cooperation with other relevant entities, will concentrate efforts on:

- promoting innovation, especially within micro, small and medium-sized firms
- improving public services through innovative products and services.

In pursuing these objectives, the Ministry of Economy will adhere to a three-phase plan:

1. Short-term: Design and pilot the innovation on small scale.
2. Medium-Term: Implement the innovation programme in the federal government.
3. Long Term: Promote a culture of innovation and scientific development.

The procurement for innovation action plan is part of the country’s general innovation or procurement strategy. In pursuit of its objectives, the Ministry of Economy will adhere to an above-mentioned three-phase plan.

The scope: During the design of the programme the following definitions were established:

- Commercial procurement.
- Regular procurement for innovation: The contract is awarded to the most innovative tender (evaluated by criteria that address innovation in the entire cycle of the good or service).
- Technological procurement for innovation: Public procurement of good or services that are not yet available at the moment of the solicitation but that can be developed within a reasonable time.
- Pre-commercial procurement: Procurement of research and development involving risk-benefits sharing between the government and the tender in order to develop innovative solutions not available in the market.

Implementation

In 2015, The General Directorate of Information Technology of the President’s Office, in collaboration with other agencies of the Federal Public Administration, launched the project “Public Challenges”. Through the retos.datos.gob.mx platform, Mexican companies were invited to compete by offering innovative digital solutions to problems related to environment, health, education, transportation, food, connectivity and

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prevention by creating digital applications. In total, 15 Public Challenges were launched and 341 proposals were received. In each challenge, five finalists were selected by a non-governmental committee and received a grant to develop a functional prototype and the best one was awarded a contract to fully develop the selected project.

After the results of the Public Challenges, and in order to strengthen the implementation of procurement for innovation policy, the Working Group on Procurement for Innovation was created. The main objective of this working group is to generate policies to mitigate the risk of adopting innovation, to propose modifications to our current legal framework for procurement to facilitate procurement for innovation.

**Challenges, risks and solutions to overcome obstacles**

The most significant challenges identified are our current institutional and legal framework which lack the flexibility and simplification needed to successfully implement large-scale procurement for innovation; and the reticence of the procurers to participate in the project given its novelty and the procurer’s wish to avoid the risks they perceive in such procurement policy.

**Key lessons learned**

In order to enhance the procurer’s willingness to participate in an procurement for innovation programme, it is necessary to design mechanisms of risk management to identify and reduce risk and lessen the potential costs of implementing the programme. Also, for all involved parties, a stronger political commitment is needed.

**Measurement and impact assessment**

Mexico does not have a system in place to measure the impact of actions related to procurement for innovation since the programme is not yet fully established. Nevertheless, information about the “Public Challenges”, our small-scale procurement for innovation projects, is available in the platform [http://retos.datos.gob.mx](http://retos.datos.gob.mx).