

Foreword

Public procurement is a key economic activity for governments and how it is carried out has a major impact on how taxpayers' money is used to deliver public services. In Mexico, expenditure on public procurement is equal to roughly USD 111.5 billion per year, accounting for 21% of the government's expenditure in 2015. As the public sector is a critical driver of productivity in the economy, the impact of public expenditure on the national interest goes beyond delivering public services. Governments generate productivity through the amount they spend, but also by developing and supporting the environment that creates the right conditions for firms to invest and innovate, and for societies to thrive.

The efficiency and integrity of Mexico's public services, in particular in relation to the use of public funds, is subject to scrutiny by a variety of stakeholders. The cross-cutting nature of public procurement, and its vulnerability to acts of corruption, has rightly brought attention to the need to ensure public funds are spent effectively and fairly. The continuing efforts by the federal government to increase efficiency in public spending and minimise the risk of corruption have been undermined by missteps that damage public perception of government procurement. Eliminating corruption is an important part of the effort to increase productivity as it affects the key determinants of productivity growth, which are innovation and diffusion of new technologies, an enabling market environment, and resource allocation. Therefore, mitigating corruption risk is a significant step on a country's path towards sustainable and inclusive development.

The peer review, *'Mexico's e-Procurement System: Redesigning CompraNet Through Stakeholder Engagement'* highlights that changes to the procurement system are needed not only to show that the use of public funds in providing public services is both effective and fair, but also to rebuild public trust. The digitalisation of government activity presents an opportunity to radically improve government's interaction with citizens, businesses and civil society. In this respect, the OECD's Recommendation of the Council on Digital Government Strategies supports policies and approaches that achieve greater transparency, openness and inclusiveness of government processes and operations. Experiences from OECD countries have demonstrated how e-procurement has the potential to achieve these goals.

Since 1996, the federal government has used the CompraNet system to engage with the supply market. At its inception, CompraNet was a ground-breaking approach to e-procurement in Latin America. It is a critical interface for government and suppliers alike, and has been a powerful tool for increasing the participation of small and medium-sized businesses (SMEs) in government contracting. The current administration now wishes to take advantage of developments in technology to identify a vision for the future of the system. Current trends indicate that the next generation of e-procurement reform will involve digital integration across government agencies, but also linking to other government systems, such as finance and tax. This will enable data to be collected and

used to ensure the accountability of government spending in the short-term, and importantly, to shape government policy in the long-term.

The OECD was invited by the Ministry of Public Administration (*Secretaría de la Función Pública*, SFP) to bring together the perspectives of a broad range of stakeholders into a single vision that aligns with global best practices. If implemented effectively, the reform of CompraNet will lift civil service productivity, improve the quality and reduce the cost of goods and services bought by government. It will also be a milestone in the rollout of the National Digital Strategy, which will serve as a catalyst for the country's growth under the National Development Plan.

The roadmap presented in this peer review outlines a phased approach for re-designing the system. This approach enables close monitoring of delivery and, in a country where e-procurement is well entrenched, eases the impact of change on all users. The first phase of the roadmap will seek to mitigate some of the greatest integrity risks by improving system compliance. The second phase, a stepping-stone toward system integration, would allow procurement information to be collected and re-purposed in open data format. This will support the third and last phase, an eventual transition to a fully transactional system that is integrated with other government systems.

The evolution of CompraNet through these three phases is expected to bring about incremental improvements in the system's efficiency and effectiveness. Given CompraNet's broad reach across economic activity in Mexico, the spillover effects of these improvements can result in increases in the productivity of government employees, the digital capabilities and competitiveness of suppliers, value for money from government spending, and public trust in government institutions.



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