

Chapter 3

Promoting complementary policy objectives through IMSS' public procurement

This chapter describes how public procurement is used by the Mexican federal government and the Mexican Institute of Social Security (IMSS) to foster socio-economic objectives such as supporting the participation of small and medium-sized enterprises and to promote environmental considerations. It also identifies various barriers that hinder IMSS in achieving these objectives.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Introduction

Using their substantial buying power in the marketplace, governments can leverage the procurement process to actively promote complementary policy objectives, i.e. policy objectives which may not be directly related to the core mandate of the procuring organisation. “Complementary policy objectives in procurement” therefore refer to the indirect or secondary values that public procurement can pursue in addition to best value for money in procuring goods and services. These objectives can be divided into economic, environmental or social categories. Examples of complementary economic policy goals may include the promotion of locally-sourced or innovative goods and services, or giving preference to small and medium-sized enterprises (SMEs).¹ Complementary environmental policy goals may involve encouraging the use of recycled materials, environmental disposal plans, or low-polluting goods and services. Examples of complementary social policy objectives may entail procurements directed towards a specific minority or gender.

However, the benefits of using public procurement as a policy lever need to be weighed against the costs of including complementary objectives in the procurement cycle. First, their introduction in a specific procurement procedure (either as mandatory requirement or as evaluation criteria) can potentially result in a price increase. Furthermore, adding additional contract clauses, requirements and specifications into contract documentation makes for increased complexity for both bidders and procurement organisations. This can sometimes result in additional hidden costs in terms of efficiency, transparency and effectiveness.

Mexico has only recently begun pursuing complementary policies through public procurement. While a policy to strengthen SMEs through public procurement has been put in practice, it is still too early to assess the benefits. As a federal entity, the Mexican Institute of Social Security (*Instituto Mexicano del Seguro Social* – IMSS) needs to follow federal complementary policies established by the Ministry of Economy, which appears to be a challenge for the organisation. Information shows that IMSS has done little by way of promoting complementary policy goals in the procurement system.

Small and medium enterprises and national content

IMSS has advanced in incorporating SMEs into its supply base, yet their participation could be further enhanced

As in any other country, the significance of SMEs to the Mexican economy and labour market cannot be underestimated. SMEs represent more than 99% of Mexico's formal companies and provide between 49.7% (industry) and 86.1% (services) of formal jobs (OECD, 2003). However, most of Mexico's SMEs are set back by fundamental weaknesses such as limited capital or access to finance (OECD, 2007a).

In 2009, the Mexican Ministry of Economy established a plan to help Mexican SMEs. Like Mexico, other OECD countries have established programmes to favour SMEs in government purchases. The experience of the United State is described in Box 3.1.

Part of Mexico's SME programme was dedicated to reinforcing their participation in public procurement. According to the law for the development of competitiveness of micro, small and medium enterprises (*Ley para el desarrollo de la competitividad de la micro, pequeña y mediana empresa*), “the planning and execution of policies and actions to promote the competitiveness of SMEs must [...] encourage the agencies of the federal public administration and its delegations in the Federal States and the Federal District to procure gradually goods, services and public works to SMEs until reaching a minimum of 35% of all goods, services and public works procured.”

Box 3.1. Enhancing the participation of small businesses has been a priority objective in the United States

The Small Business Administration (SBA) was established by the Small Business Act of 1953. The SBA is essentially organised around five key functional areas: financial assistance, procurement assistance, management assistance, disaster assistance and regulatory assistance.

The Small Business Act stipulates that each federal agency must have an annual goal that represents, for that agency, “the maximum practicable opportunity for small business concerns [...] to participate in the performance of contracts let by that agency”. Regarding procurement, the SBA relies primarily on set-asides for small businesses, i.e. reserving contracts to be awarded solely to small businesses. In 1996, the Congress established an annual goal of spending 23% of the dollar value of prime contracts awarded by the federal government with small firms, thus supporting their ability to work with the government. USD 96.83 billion was awarded to small businesses in 2009 alone.

The SBA also provides a number of other services, such as training and consultation, through a network of business-development centres, assistance to individuals under its Minority Enterprise Development Program, as well as a range of advocacy services and representatives to assist women-owned businesses and business loans.

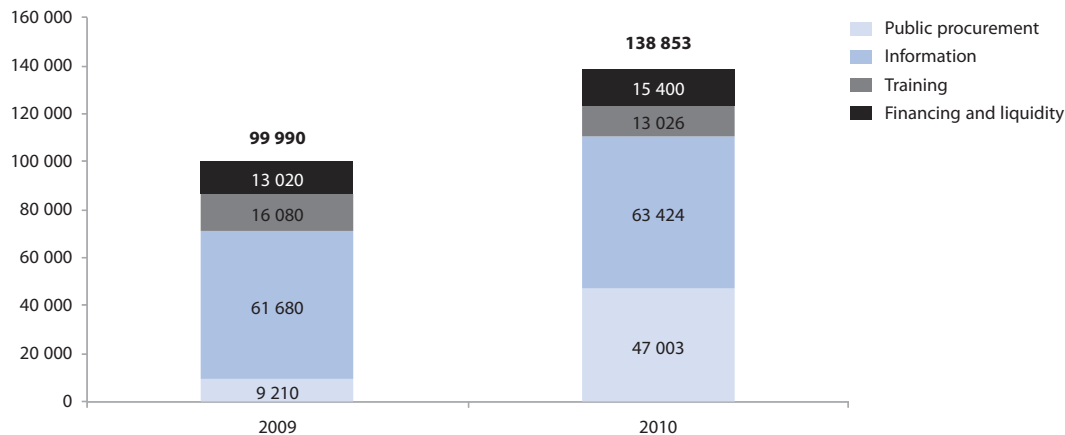
Source: U.S. Small Business Administration website, www.sba.gov/.

This is accompanied by a set of measures such as:

- **Liquidity and Financing:** SMEs are given loans and easy access to credit (through the SME Trust Fund) and financial consultancies. Loans can be awarded by different types of institutions such as banks and the *Nacional Financiera* (NAFIN). In 2010, banks loans totalled MXN 576 million (approximately USD 46 million), awarded to 116 businesses. In addition, NAFIN provides government contractors with working capital of up to 50% of the total amount of any contract. A total of MXN 13 4 billion (approximately USD 1 billion) was provided in 2010, representing an increase of 20% compared to 2009 (*Secretaría de Economía*, 2011).
- **Information:** business reports on relevant aspects of economics, marketing, logistics and competitiveness are supplied to SMEs. In 2010, over 63 000 businesses were provided with this information.
- **Training:** SMEs receive training on areas such as business management, exports, and the use of Compranet 5.0. In 2010, the Ministry of Economy awarded 4 500 scholarships for companies to be trained on Compranet 5.0. However, between 2009 and 2010, the Ministry of Economy reported a decrease in the number of companies trained (*Secretaría de Economía*, 2011).
- **Public Procurement:** The Ministry of Economy has created a specialised website (www.comprasdegobierno.gob.mx) that offers information for SMEs interested in becoming suppliers of the federal government. The website also serves as a promotion tool to *Expo Compras de Gobierno*, an event that has promoted awareness of business opportunities with the federal government to more than 65 000 enterprises since 2009. Between 2009 and 2010, the number of SMEs with federal contracts increased by more than 400%.

In 2010, more than 138 000 SMEs, 39% more than in 2009, benefited from these different instruments (Figure 3.1).

Figure 3.1. SMEs supported by the Ministry of Economy (2009 and 2010)



Source: Secretaría de Economía (2011), “Programa de Compras del Gobierno Federal. Informe Ejecutivo de Avances al 31 de Diciembre de 2010” [Federal Government Procurement Programme. Executive Report of Progress on 31 December 2010].

Other initiatives to benefit SMEs in public procurement are stipulated in the procurement legal framework such as:

- At least 50% in value of the contracts issued under the exception to public tendering for low value (article 42, Law of Acquisitions, Leasing and Services of the Public Sector – LAASSP) must be awarded to SMEs (LAASSP Regulation, article 76). There is no information confirming that IMSS has awarded 50% of its direct awards under article 42 LAASSP to SMEs.
- Public tenders may be exclusively reserved for SMEs (Article 35 of the Regulation to the LAASSP). To date there is no evidence that IMSS has carried out this type of tender.
- Special flexibilities for SMEs in order to receive higher advanced payments from public entities for goods which have a production process of more than 60 days (LAASSP, article 13).
- In case of public tender using the evaluation methodology of points and percentages, points should be awarded to SMEs that produce goods with technological innovation (LAASSP, article 14).
- In public tendering procedures where national SMEs are participating in an individual manner, the bidding cannot be carried out through reverse auctions (LAASSP, Article 28)).
- In case of equality during the bid evaluation, preference should be awarded to national SMEs (LAASSP, article 36-Bis, LAASSP Regulation, Article 35);

All pro-SME initiatives relating to procurement are fairly new in Mexico and possibly for that reason IMSS still needs time to adapt. The Ministry of Economy has set specific goals for each federal entity to award contracts to SMEs. While the Mexican Federal Government exceeded the overall target by 15% in 2011, only half (52%) of its entities achieved or exceeded the individual goal. With MXN 5.5 billion (approximately USD 440 million) in contract awarded to SMEs in 2011, IMSS exceeded its target by almost 120% (Table 3.1).

Table 3.1. Goal vs. amount awarded to SMEs by IMSS (2011)

MXN billion

Ministry/Entity	Goal	Amount attained	% of goal attained
Ministry of Communications and Transport (SCT)	18.4	17.4	94%
Petróleos Mexicanos (PEMEX)	12.5	17.0	136%
Federal Electricity Commission (CFE)	10.6	13.3	125%
Liconsa	3.3	3.9	118%
National Water Commission	2.9	0.5	19%
Mexican Institute of Social Security (IMSS)	2.5	5.5	219%
Diconsa	2.1	3.9	181%
Ministry of Public Education (SEP)	1.1	1.5	140%
State Workers Institute for Social Security and Services (ISSSTE)	0.3	1.7	509%
Rest of the public administration	18.4	18.6	101%
Total	72.3	83.4	115%

Source: Secretaría de Economía, website (n.d.), “Avance del Programa de Compras del Gobierno Federal” [Progress of the Federal Government Procurement Programme].

While IMSS states that information on its procurement involving SMEs is not available, it can be accessed from the Ministry of Economy. Detailed records on how many contracts are awarded to SMEs, their value, through which procurement procedures, the degree of performance etc. are essential for IMSS to measure compliance with the programmes established by the Ministry of Economy. Furthermore, such information enables IMSS to identify any advantages in contracting with SMEs and further exploit them.

Like all other federal entities, IMSS makes available to the public its annual plan of acquisitions, leases and services, as well as its public works and related services. In this plan there is a specific section on contracts destined for SMEs. Furthermore, IMSS has a detailed webpage on procurement (<http://compras.imss.gob.mx/>) that provided more specific information targeted to SMEs, so as to facilitate their participation in the procurement process.

The level of local content present in IMSS procurement is unknown

It is a practice in many countries to reserve part of their public procurement for national suppliers who employ national citizens, or for suppliers who provide goods produced with national content. Although the economic and competitiveness benefits of such measures are still debated, the fact remains that they are used worldwide to advantage domestic suppliers. For example, the Brazilian Government recently initiated a policy of “Buy Brazil” to increase the participation of local companies in its procurement, setting a price preference for goods and services produced locally. This allows Brazilian companies to win contracts even if their bid is 25% higher in terms of price (*ceteris paribus*) than a bid from a foreign company. In economy segments where domestic suppliers are not able to offer the same prices as some foreign suppliers, this approach may create an incentive for the foreign suppliers to submit better offers, and therefore increase competition.

For the purposes of determining who can submit a proposal and under what circumstances, public tendering procedures are classified in Mexico as national, international (if covered by international trade agreements, such as the North American Free Trade Agreement), and

open international. In Mexico, preference is given to national tenders, or when applicable, to the international tenders (covered by international trade agreements). The open international scheme is only applied residually, when the two others are unsuccessful. Only Mexican nationals may take part in national tenders, and since 2011, the goods supplied must have at least 60% of national content.

In Mexico, 80% of the purchases made from SMEs meet the local content requirements in order to be considered “national” (Secretaría de Economía, 2010). Yet, IMSS does not have data on the rate of national content incorporation in its procurement. According to the law, bidders are required to declare under oath if the deliverables complies with the minimum local content requirement of 60%. The Ministry of Economy has the right to carry out inspections to substantiate such information. However, bidders are not obliged to provide the specific percentage of local content, nor the relevant calculations. Although IMSS is aiming at complying with federal policies on SMEs and local content, it could benefit from developing its own policy in order to meet the objectives set by the Ministry of Economy. As a way of allowing more evidence-based decision making and a better assessment of the local content present in its procurement activities, IMSS could begin by collecting data on its current procurement involving SMEs and goods and services with Mexican content. IMSS could require that all suppliers (or only key suppliers) provide a mandatory statement with the specific degree of local content in their contracts, and record that information in its systems.

Green procurement

While Mexico does not have a green procurement policy, IMSS could develop its own

Green procurement is defined as the process through which a contracting authority procures goods, services or works that have a reduced environmental impact throughout their life-cycle when compared with other alternatives in the market (European Commission, 2008). It is traditionally associated with the procurement of energy-efficient vehicles or equipment, recycled materials or waste reduction (Box 3.2). For environmental considerations to fulfil the best value principle, the focus must be on life-cycle costs (including the use, ownership, maintenance, and disposal) rather than just upfront costs. Similarly, environmental externalities could be included, when known, to assess the overall cost of the good or service to the community, and not just the financial cost to the procuring agency.

In 2002, OECD member countries adopted a recommendation “to improve the environmental performance of public procurement” (OECD, 2002). There is a widespread belief that green policies are expensive, mainly due to their upfront costs. However, in many cases, greener products and services result in lower total costs over their whole life cycle, than “less green” products. Furthermore, when considering the social costs of externalities, green products and services generally have lower long-term social costs. However, Mexico has not developed a federal green procurement policy and is among the few OECD countries without guidance on green procurement through practical guides, training materials, *ad hoc* advice or code of practice (Table 3.2).

IMSS does not have a policy on green procurement and the relevant initiatives are as dictated by the law. Its guidelines on acquisitions, leasing and services (*Políticas, Bases y Lineamientos en Materia de Adquisiciones, Arrendamientos e Servicios – POBALINES*) mandates to optimise the use of natural resources and to respect national and international green standards. Article 55 of the POBALINES states that IMSS should require certificates

Box 3.2. Most common products acquired through green public procurement

There are certain similarities in countries promoting green procurement:

- *Construction, renovation and maintenance of public buildings*: Low resource consumption (energy, water, raw materials, landscape) throughout their whole life cycle, use of recycled materials, waste management, etc.
- *Transport*: Type of vehicles (hybrids, electrics), reduction of fossil fuels and increase of biofuels, CO₂ emission limits for new vehicles, training courses for drivers, use of bicycles for short administrative tasks, etc.
- *Office equipment and office supplies*: Energy efficiency, using computers, copiers, printers, monitors and other equipments meeting the standard ENERGY STAR; two-sided printing in order to reduce paper consumption; use of recycled paper or of virgin fibre paper coming from sustainably-managed forests (FSC or equivalent label).
- *Cleaning*: Cleaning products “highly biodegradable”, “free from hazardous substances”, or not impairing water quality, etc.
- *Services*: Messenger enterprises with reduced fossil fuel use in vehicles, printer enterprises with ISO 14001 certification, etc.

Source: Based on United States Environmental Protection Agency website, www.epa.gov/.

of origin when purchasing wood and that purchased paper must comply with a recycling standard.² This standard stipulates including at least 50% content that is recycled, non-wood derived or, if derived from wood, it must come from sustainable woodlands. However, no information or data is available to assess whether IMSS complies with the wood and paper requirements of the POBALINES.

Due to the extensive range of services provided by IMSS, its role in advancing green growth in Mexico is significant. A recent study in the European Union shows that medical and health products are among the most commonly prioritised products groups in green public procurement (Kahlenborn et al., 2011). In addition, other products in the priority list are regularly procured by IMSS, such as cleaning goods and services, copying and graphic paper, transport, furniture, and food and catering services. IMSS could therefore develop and implement its own green procurement policy. The United States' Environmental Protection Agency Final Guidance on Environmental Preferable Purchasing (US EPA, 1999) shows that, in developing such a policy, IMSS could:

- create an organisational-wide policy directive regarding green procurement;
- increase the procurement of environmentally preferable goods and services, supported by a directory of general and product- service-specific green procurement tools, and summary information about popular environmentally preferable goods and services (e.g. environmental attributes to look for, procurement guidance, tools, case studies, and other useful resources);
- identify and implement green procurement pilot projects and other programmes;
- establish internal incentives and award programmes to recognise those people, teams, and work groups who are most successful at promoting green procurement; and
- collaborate with other entities in the Mexican public administration to provide education and training.

Table 3.2. Tools available to provide guidance on green procurement in OECD member countries

	Guidance to promote green procurement in practice			
	Practical guide	Training materials	Ad hoc advice	Code of practice
Australia	●	○	○	○
Austria	●	○	○	●
Belgium	●	○	●	○
Canada	●	●	●	○
Chile	●	●	○	○
Czech Republic	○	○	○	○
Denmark	●	○	●	●
Estonia	●	●	●	○
Finland	●	●	●	○
France	●	●	●	●
Germany	●	●	○	○
Greece	○	○	○	○
Hungary	●	●	○	○
Iceland	●	●	●	○
Ireland	●	○	○	○
Israel	○	●	●	○
Italy	●	●	●	○
Japan	●	○	●	○
Korea	●	●	●	●
Luxembourg	●	○	○	○
Mexico	○	○	○	○
Netherlands	●	●	●	●
New Zealand	●	○	○	●
Norway	●	●	●	○
Poland	●	●	○	●
Portugal	○	○	○	○
Slovak Republic	○	○	○	○
Slovenia	●	●	●	●
Spain	○	○	●	●
Sweden	●	●	●	●
Switzerland	●	●	●	○
Turkey	○	○	○	○
United Kingdom	●	●	○	○
United States	●	●	●	○
Total OECD 34				
● Yes	26	19	18	10
○ No	8	15	16	24

Source: OECD (2011), *Government at a Glance 2011*. OECD Publishing, Paris, http://dx.doi.org/10.1787/gov_glance-2011-en.

Several countries have developed directories or catalogues of green products, which IMSS could use as an example in devising its own. Germany has issued a Handbook of Environmental Procurement, published in 1999, with a volume of more than 800 pages, containing recommendations for over 100 different types of products and services. Beyond listing the “environmental criteria in public procurement”, the manual was considered as a compendium for cleaner production, and included regulations, certifications and eco-labels, and good practices identified in Germany and other countries. Similarly, Japan adopted the Action Plan for Greening Government Operations, which detailed a programme for training administrative officers, a database for products, guidelines, and target values for energy efficiency.

Two issues are essential in developing and implementing a green procurement policy: measurement and capacity building. Indicators and information on contracts that establish environmental performance as criteria for contract award and bid evaluation are necessary to measure the level of take up of the policy. Moreover, procurement officers need to be given specific guidance on how to incorporate environmental considerations into their procurement activities. As such, IMSS could institutionalise and conduct proactive capacity-building efforts.

Furthermore, green public procurement requires a supply base with capacity to respond to the demand for greener products and services. Although IMSS could promote the development of sufficient supply, that responsibility is more in the remit of other organisations, such as the Ministry of Environment and Natural Resources (*Secretaría de Medio Ambiente y Recursos Naturales*). Therefore, IMSS advancement in green procurement will be dependent on the market's capacity to deliver and on incentives provided by the Mexican Government in general.

Social objectives

IMSS has no policy on using procurement to achieve social objectives

Some OECD countries, such as the United States, actively pursue social policy through public procurement (Box 3.3). A recent study in Europe shows that most countries in the European Union go beyond basic procurement to include social considerations. The most commonly used examples of social objectives being included in the procurement process are: the use of the International Labour Organization core labour standards; set-aside for social enterprises employing disabled persons; and social inclusion and equal opportunity (Kahlenborn et al., 2011).

In Mexico, the procurement legal framework (article 14 of the LAASSP) only refers to giving preference to disabled persons or companies that employ disabled persons (at least 5% of total employees for at least 6 months of employment) under specific procurement procedures. There is no information on whether this has ever been applied by IMSS. Given that the pursuit of social objectives is inherent in the legal framework of IMSS, as part of its overall mandate, IMSS could aim to apply the preference for disabled persons as set out by the LAASSP. As a second step, IMSS could also develop its own social objectives (health related) that could be pursued through its procurement process.

Box 3.3. Promotion of women-owned businesses in the United States

The United States Government instituted a women-owned small business (WOSB) contracting programme, as part of the administration's broader commitment to increasing competition in the award of federal contracts to women, socially and economically disadvantaged persons and veterans. The new regulations set forth procedures authorised by the Small Business Act to help ensure a level playing field on which WOSBs could compete for federal contracting opportunities, while helping achieve the existing statutory 5% goal. The regulations entered into force on 4 February 2011 with the SBA charged with implementing and administering the programme. Eighty-three industries or sub-industries were identified in which WOSBs were under-represented (45) or substantially under-represented (38) in terms of the award of federal contracts.

The rule removes a requirement previously proposed that each federal agency be required to certify that it has engaged in discrimination against women-owned small businesses in order for the programme to apply to contracting by that agency. The rule allows women-owned small businesses to self-certify as "WOSBs" or to be certified by third-party certifiers, including government entities and private certification groups. At this stage, it is too early to assess the impact of the new programme. However, it has been praised by stakeholders and women's organisations and represents a proactive trend in US federal procurement strategy.

Source: United States Small Business Administration website, www.sba.gov/content/women.

Barriers to achieving complementary objectives

Current procurement policies at IMSS may reduce the possibility of some complementary economic objectives

There are some policies and legal provisions that may make it difficult for smaller businesses to participate in IMSS procurement. As indicated in Chapter 2, IMSS recently bundled procurement of various requirements into a smaller number of contracts, namely through sole contracts (*contratos únicos*). These sole contracts provide contractual coverage of common product categories for the whole organisation, with the aim of achieving value for money. If regional needs are bundled into larger procurement orders, some SMEs without adequate scale may be unable to compete. Moreover, companies must provide a 10% bond to guarantee the performance of the contract.³ This means that newcomers, including start-ups, are at a disadvantage. The imposition of maximum prices under IMSS' reference pricing system (discussed in Chapter 10) may further disadvantage smaller suppliers (such as SMEs and small women-owned business). These small suppliers are then forced to conform to a centrally-calculated reference price, despite potentially contending with different cost bases. Furthermore, the high rate of direct award of contracts also serves to cut smaller businesses out of the marketplace by denying them their ability to compete. Finally, interviewees indicated that payments are sometimes late, which further serves to undermine smaller companies with lower cash-flows.

When designing complementary policies for public procurement, IMSS needs to balance the benefits and potential costs of such policies

Promoting complementary policies through the procurement mechanism can carry the risk of trading off integrity for value for money. By giving weight to complementary criteria in tender evaluations, value for money becomes less important. Adding extra

criteria or contract clauses which deal with complementary criteria can also create complexity, and hence raise costs and risks in the procurement cycle by increasing demands placed on suppliers, procurement officers, and systems of monitoring and evaluation. If poorly designed, the implementation of complementary policies in the procurement system can potentially lead to outcomes which are counterproductive and even damaging to both value for public money and integrity.

As a result of these challenges, significant debates have taken place on these issues in multilateral organisations such as the European Union and the World Trade Organization. Furthermore, few countries have tackled the issue of how to include economic, environmental or social considerations in the procurement process, while ensuring that procurement decisions remain fair, transparent and cost-effective. Apart from programming such complementary policies into the evaluation mechanism, one of the ongoing difficulties is in monitoring the implementation of the contract by contractors and subcontractors, which often operate across borders.

Nevertheless, there are ways in which value for money and transparency need not be traded off directly with complementary policy objectives. For example, by considering the whole life-cycle costs, more environmentally-conscious decisions strategies can be selected, while promoting sound long-term financial management practices. Promoting smaller and local businesses positively impacts the supply chain through diversification of supply sources which can facilitate procurement in cases of non-performance and emergency procurement. Furthermore, from a “whole-of-government” perspective, promoting objectives across departments can serve to optimise net social benefits despite the necessary stove-piping of government portfolios.

How regulations related to complementary objectives will be used needs to be clarified, in particular, how they may be used together with other evaluation criteria without harming the integrity of the public procurement process. If bidders are to trust and respect the outcome, they need to know how complementary policies are incorporated, how discretion was exercised and how criteria were applied. There are some avenues which could serve to guide such regulations, such as the ISO 26000 International Standard and Guidance on Sustainable Business Practices.

Furthermore, one of the main challenges faced by all countries that promote complementary goals through public procurement is to develop performance metrics that are appropriate for assessing the success of applying complementary criteria in a public procurement regime. Unless such indicators are available and adequately tracked, there is a risk that the precise costs and benefits of such programmes will remain largely unclear.

Finally, experience in OECD member countries shows that complementary policies may also be abused. For example, large companies can pretend to be SMEs. Companies can also obtain procurement contracts due to social or economic considerations under these policies and then subcontract to companies which do not meet these considerations. Therefore, complementary goals in procurement need to be developed and implemented in a highly transparent manner with specific accountability and oversight processes in place.

Proposals for action

In order to further promote complementary policy objectives through its procurement, IMSS could consider the following:

1. Collecting data on its current procurement involving SMEs as well as goods and services with Mexican content. In order to better assess the level of local content in its procurement, IMSS could request that all suppliers provide a mandatory statement with the specific degree of local content in all procurements. This information should be registered in its systems.
2. In areas not regulated by federal procurement policies and laws, such as in social and environmental considerations, IMSS could take a leading role in the Mexican administration and design its own policies. In order to maximise outcomes of the procurement function and mitigate issues associated with complementary policy goals, IMSS could seek to gradually develop a policy mix which promotes complementary policies founded on evidence-based analysis and which also addresses practical limitations and priorities.
3. Promoting complementary policy objectives through various procurement mechanisms, such as:
 - a. giving points in the evaluation process if set complementary policy targets are met or exceeded. An alternative would be to limit this idea to a “tiebreaker” when bids are otherwise equivalent;
 - b. proactively publishing yearly forecasts of contracts of interest for targeted companies (based on complementary policy objectives);
 - c. setting aside lots specifically for target organisations (based on complementary objectives);
 - d. developing systems that ensure prompt payment to small and medium-sized suppliers;
 - e. reducing the value of performance bonds required to obtain a contract; and
 - f. providing quality feedback to participants.
4. First targeting a limited set of priorities in a specific area of complementary policy, and slowly growing the capability of the procurement system to address these objectives. For example, in promoting complementary environmental policies, IMSS may find it easier to start by evaluating green procurement practices already deployed and then use the lessons learned to expand into a more comprehensive policy. When drafting technical specifications, IMSS could adopt some of the growing list of green standards (such as the European Eco-label for light bulbs), or directly specify products and services that are recognised to be environmentally-friendly, similar to what the Environmental Protection Agency has done in the United States.
5. For green procurement, IMSS could adopt a strategy under which buying decisions for specific products are not based solely on purchasing price, but consider the entire life-cycle costs of the product, including the costs of use, ownership, maintenance, and disposal.
6. Adopting the ISO 26000 International Standard and relevant guidance on sustainable business practices (applicable to economic, green and social policies).
7. Ensuring that all levels of the organisation are trained in complementary policies and how they differ from the traditional value for money-money approaches, as well as aligning key performance indicators to complementary policy metrics.

Notes

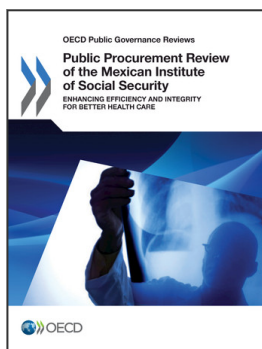
1. While the Mexican procurement laws make reference to micro, small and medium enterprises (*micro, pequeña y medianas empresas nacionales* – MIPYMES), the expression “small and medium enterprises is used in this report to represent all of them.
2. “Characteristics and technical specifications of the content of fibre from recyclable material and chlorine for the manufacturing of printing and photocopying paper to be purchased for the federal government institutions”, <http://200.77.231.100/work/normas/nmx/2008/nmx-aa-144-scfi-2008.pdf>.
3. Article 75 of the POBALINES. This is a value that can be reduced according to the “Guidelines for the Reduction of the Amount of Performance Bonds” (*Lineamientos para la reducción de los montos de garantías de cumplimiento*) for companies with good performance track record.

References

- European Commission (2008), “Public procurement for a better environment”, Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of Regions, European Commission”, Brussels, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0400:FIN:EN:PDF>, accessed 23 February 2012.
- Kahlenborn, W. et al. (2011), Strategic Use of Public Procurement in Europe – Final Report to the European Commission, MARKT/2010/02/C. Adelphi, Berlin, http://ec.europa.eu/internal_market/publicprocurement/docs/modernising_rules/strategic-use-public-procurement-europe_en.pdf, accessed 23 February 2012.
- OECD (2002), “Recommendation of the Council on Improving the Environmental Performance of Public Procurement”, OECD, Paris, [http://acts.oecd.org/Public/Info.aspx?lang=en&infoRef=C\(2002\)3](http://acts.oecd.org/Public/Info.aspx?lang=en&infoRef=C(2002)3), accessed 4 December 2012.
- OECD (2003), *The Environmental Performance of Public Procurement: Issues of Policy Coherence*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264101562-en>.
- OECD (2007a), *SMEs in Mexico: Issues and Policies*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264031791-en>.
- OECD (2011), *Government at a Glance 2011*. OECD Publishing, Paris, http://dx.doi.org/10.1787/gov_glance-2011-en.
- Secretaría de Economía website (n.d.), “Avance del Programa de Compras del Gobierno Federal” [Progress of the Federal Government Procurement Programme].
- Secretaría de Economía (2010), “Programa de Compras del Gobierno Federal. Estrategia y Avances” [Federal Government Procurement Programme. Strategy and Progress], presentation dated November 2010.

Secretaría de Economía (2011), “Programa de Compras del Gobierno Federal. Informe Ejecutivo de Avances al 31 de diciembre de 2010” [Federal Government Procurement Programme. Executive Report of Progress on 31 December 2010].

United States Environmental Protection Agency (US EPA) (1999), “Final Guidance on Environmental Preferable Purchasing”, www.epa.gov/epp/pubs/guidance/finalguidance.htm, accessed 21 March 2012.



From:
**Public Procurement Review of the Mexican
Institute of Social Security**
Enhancing Efficiency and Integrity for Better Health Care

Access the complete publication at:
<https://doi.org/10.1787/9789264197480-en>

Please cite this chapter as:

OECD (2013), "Promoting complementary policy objectives through IMSS' public procurement", in *Public Procurement Review of the Mexican Institute of Social Security: Enhancing Efficiency and Integrity for Better Health Care*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264197480-6-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to rights@oecd.org. Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at info@copyright.com or the Centre français d'exploitation du droit de copie (CFC) at contact@cfcopies.com.