

COFECE issues recommendations on Infonavit public procurement regulations

- *These recommendations are issued in response to the Institute's request, which has publicly stated its goal of more efficient spending.*
- *The regulations currently in force for the Institute's acquisition of goods and services grant ample margins of discretion regarding exceptions to public tenders.*
- *COFECE proposes modifying the Institute's regulations with the purpose of limiting the exceptions to a public tender, the elimination of the automatic renewal of contracts and special procedures for the contracting of specialized services, among others.*
- *The Commission also recommends modifications to regulations which impose limits to the number of public notaries that offer these services. For instance, under current regulations, the Institute exclusively hires notaries belonging to the National Association of Mexican Notaries (Colegio Nacional del Notariado Mexicano), an association where only half of the affiliates is professionally active.*

Mexico City, April 23, 2019.- The Federal Economic Competition Commission (COFECE or Commission) issued an opinion on the Mexican National Housing Fund for Worker's (Infonavit, or Institute) regulations in force for public procurement, in which the Commission found several provisions favoring procedures other than public tenders. For instance, in 2017 only 13% of total public procurement spending was made via public tender. This opinion was issued on the Institute's request, which has publicly stated its goal of efficient spending.

COFECE issued several recommendations regarding Infonavit's regulations for public procurement, as the Commission considers there is room to improve the conditions under which goods and services are acquired. The following are noteworthy:

- **Limit exemptions to public tenders.** When an exemption to tender is applied to low cost purchases -which is common under standards of administrative efficiency- it will be required to establish cost ceilings for valid purchases.
- **Eliminate the system for the automatic renewal of existing contracts.** This system may induce a higher market share for retainers and hinder other agents' market access, who might be more efficient and cost-competitive.
- **Substitute the legal concept of "special procedures for the retention of specialized services" for that of "public tender".** The Institute established these mechanisms to hire the services of construction inspectors, appraisers, public certifiers, tax collectors, debt collectors, legal counsel, among others, with the purpose of expediting contracting



procedures. Nevertheless, the Commission detected that such procedures might generate higher costs due to ample discretion granted by current regulations.

- **Maximize the number of notary publics that may offer the Institute their services.** Current regulations hinder market access for many notaries. For instance, for a notary public to be hired by Infonavit, she/he is required to be a member of the National Association of Mexican Notaries (Colegio Nacional del Notariado Mexicano), limiting title deed issuance capacities to notaries authorized via an agreement between the Institute and the Association, whose number of active members amounts to 1,793 notaries from a total of 3,774 affiliates.

By means of this opinion, COFECE works alongside Infonavit in its endeavor to limit spending and efficiently use allocated resources. Therefore, the Commission reiterates its commitment to collaborate with diverse State agencies from the three levels of government to achieve better, more efficient and effective conditions for public procurement, thus reducing margins for collusion and the wasteful use of public resources.

[Read the opinion in Spanish here](#)

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The Federal Economic Competition Commission is entrusted with safeguarding competition and free market access. This contributes to people's well-being and the efficient functioning of markets. With its work, COFECE seeks better conditions for consumers, more services of higher quality and a "level playing field" for companies.

