

7.4 Alignment of public procurement strategies with social objectives

Beyond saving costs and promoting operational efficiency, public procurement is strategically placed to promote social objectives such as sustainability, inclusion, community development and environmental responsibility. These objectives are promoted by a range of actions, including mechanisms to foster innovation, providing conditions for small and medium-sized enterprises (SMEs) to compete on equal footing, and favouring companies mindful of environmental sustainability and gender equality criteria. Although the use of public procurement as a strategic policy instrument is not a recent phenomenon, it is being increasingly adopted by public administrations in LAC countries (Delgado et al., 2023). Since governments define the rules for public procurement processes, they can also establish regulations that consider social objectives while tendering, awarding a bid or evaluating projects.

Indeed, 16 out of 19 surveyed LAC countries (84%) reported having policies or strategies in their central public procurement systems designed to pursue one or more social objectives. One of the most frequently pursued objectives relates to policies or strategies for SMEs, either at the central level or by procuring entities (14 out of 19 countries, or 74%). Likewise, 9 out of 19 LAC countries (47%) have central-level green procurement strategies or policies. For instance, Colombia has initiated sustainable public procurement programmes, leading to planning procurement policies with environmental criteria within ministries. In addition, seven of the surveyed LAC countries have policies concerning responsible business conduct (37%), six on women-owned enterprises (31%), and four on innovation of goods and services (21%), while around 25% of surveyed countries are currently developing strategies for all these objectives at a central level. With a more limited scope, in Chile, Colombia, El Salvador, Guatemala, Honduras, and Trinidad and Tobago, some central purchasing agencies (CPAs) have developed internal strategies or policies for green public procurement (Table 7.1). The number of LAC countries relying on strategic public procurement to pursue social objectives indicates that it is being increasingly used to tackle some of the most pressing social issues in the region such as inequality and climate risks.

In addition to policies or strategies, all surveyed LAC countries have regulatory frameworks for public procurement that also consider at least one social objective. The most common objective is the environment (89%), followed by labour rights (74%) and integrity standards (63%). Only Jamaica and Suriname have public procurement regulatory frameworks that consider long-term unemployment. Jamaica, Paraguay, and

Trinidad and Tobago have regulatory frameworks covering seven of the eight social objectives surveyed (Figure 7.10).

Finally, social objectives can be used as a criterion to award procurement bids. The criterion used most frequently is whether a proposal considers SMEs (11 out of 19 countries reported using this 50% of the time or more). This is followed by green public procurement (four countries reported a frequency of 50% or more). Panama reported always using this criterion when awarding bids, Costa Rica and Paraguay use it 75% of the time, while Colombia considers it 50% of the time (Figure 7.11).

Methodology and definitions

Data were collected through the 2022 IDB-OECD Survey on the Implementation of the 2015 OECD Recommendation on Public Procurement in 19 Latin American and Caribbean countries and reflects the situation as of April 2022. The survey focused on the 12 principles in the recommendation, covering issues such as strategic procurement and public-private interactions. Respondents are officials responsible for procurement policies at the central government level and senior officials in central purchasing bodies part of the Inter-American Network on Government Procurement (INGP).

A strategic/policy framework is a high-level document approved by national authorities, such as parliament and government, that sets out a country's policy goals for a specific sector or area. Strategic frameworks can include targets, roadmaps and action plans. A regulatory framework is a system of rules such as laws, decrees, cabinet directions or any other legal documents that govern and regulate specific policies. Responsible business conduct entails compliance with laws, such as those on human rights, environmental protection, labour relations and financial accountability.

Further reading

Eguino, H. and R. Delgado (eds.) (2023), *Fiscal policy for resilience and decarbonization: Contributions to the policy dialogue*, Technical Note No. IDB-TN-2652, Inter-American Development Bank, <https://doi.org/10.18235/0004750>.

OECD (2022), "Integrating responsible business conduct in public procurement supply chains: Economic benefits to governments", *OECD Public Governance Policy Papers*, No. 14, OECD Publishing, Paris, <https://doi.org/10.1787/c5350587-en>

Orjuela E., J. and L. Harper (2018), *Toolkit: Promoting Women in Public Procurement*, Inter-American Development Bank, Washington, DC, <http://dx.doi.org/10.18235/0001295>.

Table 7.1. Strategic public procurement to pursue social objectives, 2022

Country	Green public procurement	SME	Innovative goods/services	Women-owned business	Responsible business conduct
Barbados	◆	◆■			
Bolivia		◆			
Chile	◆◆	◆■	◆●	◆	◆
Costa Rica	◆	◆	■	■	◆
Colombia	◆◆	◆■	◆	◆	◆■
Dominican Republic	■	◆		◆	
Ecuador	■	◆	■	■	■
El Salvador	◆◆	◆●		◆●	◆●
Guatemala	●				
Haiti		◆			
Honduras	●	◆	◆	◆	◆
Jamaica	○■	●			
Mexico	○	○			
Panama	◆	◆	■	○	
Paraguay	◆	◆■	◆		◆
Peru	◆■				◆■
Suriname	■	■	■	■	■
Trinidad and Tobago	◆◆				◆●
Uruguay	■	◆	■	◆■	■
LAC Total					
◆ A strategy/policy has been developed at a central level	9	14	4	6	7
● Some procuring entities have developed an internal strategy/ policy	6	1	1	1	3
■ A strategy/policy is currently being developed	6	5	5	4	5
○ A strategy/ policy has been rescinded	2	1	0	1	0

Source: IDB-OECD (2022), Survey on the Implementation of the 2015 OECD Recommendation on Public Procurement.


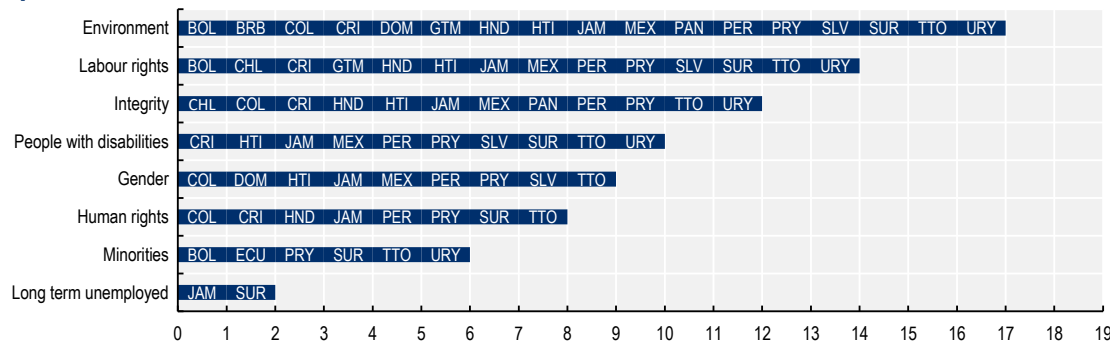
StatLink  <https://stat.link/c4bzry>

Figure 7.10. Regulatory framework that considers social objectives in public procurement processes, 2022



Source: IDB-OECD (2022), Survey on the Implementation of the 2015 OECD Recommendation on Public Procurement.


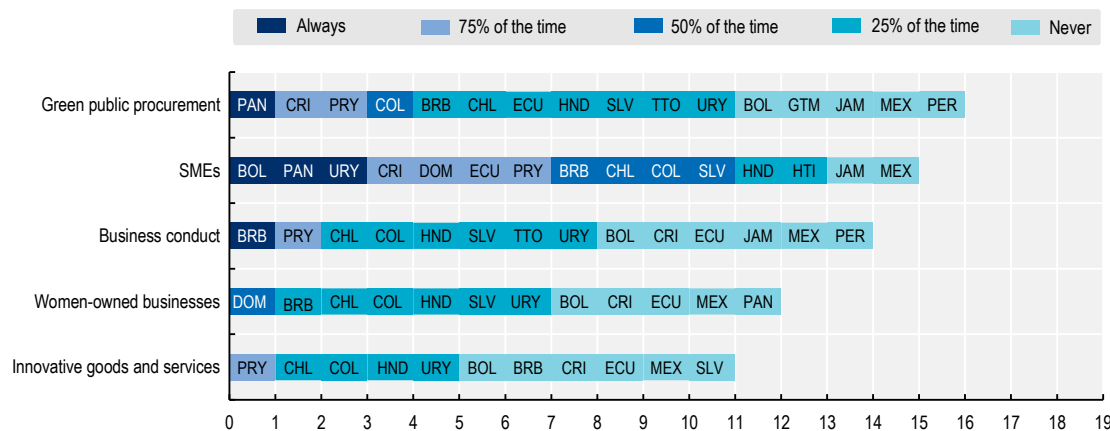

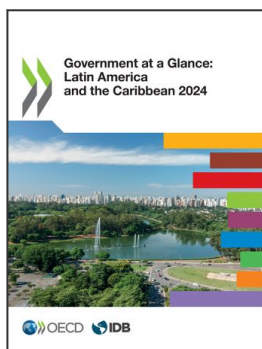
StatLink  <https://stat.link/dmicy3>

Figure 7.11. Frequency with which CPAs integrate policy objectives as award criterion, 2022



Source: IDB-OECD (2022), Survey on the Implementation of the 2015 OECD Recommendation on Public Procurement.

StatLink  <https://stat.link/wobpes>



From:

Government at a Glance: Latin America and the Caribbean 2024

Access the complete publication at:

<https://doi.org/10.1787/4abdba16-en>

Please cite this chapter as:

OECD (2024), "Alignment of public procurement strategies with social objectives", in *Government at a Glance: Latin America and the Caribbean 2024*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/fa5342ca-en>

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