

7.2 E-procurement and transparency of the public procurement process

Public procurement plays a critical role in the delivery of goods, services and works. Having transparent and innovative procedures is key to ensuring efficient, inclusive and cost-effective public procurement, as well as mitigating corruption risks and inefficient practices. The use of information and communication technology (ICT) throughout all stages of public procurement has several benefits, such as increasing transparency, facilitating the monitoring and evaluation of public procurement spending, improving digital access to public tenders, increasing outreach and competition, and allowing irregularities to be detected more easily (OECD, 2020). It can also help to save money and time by reducing administrative burdens and potential mistakes during the various stages of the public procurement cycle.

In 2022, 16 of the 19 surveyed Latin American and Caribbean (LAC) countries (84%) used their central e-procurement systems in one or more stages of the public procurement cycle. They are most likely to use these systems in the early stages of the cycle: for announcing tenders in all 16 countries, allowing bids to be submitted electronically in 13 out of 16 (81%) and notifying the award of the bid in 14 out of 16 (88%). The functionality used least is the electronic submission of invoices, used by only 4 out of 16 countries (25%). Chile, Colombia and the Dominican Republic have the most complete e-procurement systems, as they report having all the functionalities in place. In contrast, Haiti and El Salvador use their e-procurement systems only to announce tenders (Figure 7.4).

Integrating e-procurement with other e-government systems (e.g., budgeting systems, business and tax registries, social security databases, and financial systems for payment) can help public officials to collect and identify data in an agile and timely manner. In the LAC region, 11 out of the 19 surveyed countries (58%) have integrated their e-procurement systems with other e-government systems. Since 2018, Chile has integrated its e-procurement system with its Government Financial Management System (Figure 7.5).

Openness and transparency in procurement require public disclosure of information about potential suppliers participating in the bidding process, including companies' beneficial ownership. There is some form of disclosure in 15 out of the 19 LAC countries surveyed (79%). In nine countries the bidder is required to provide this information when registering as a supplier and is responsible for updating it, while in eight countries, bidders declare this information each time they participate in a public procurement process (Figure 7.6).

Methodology and definitions

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

E-procurement refers to the integration of digital technologies to replace or redesign paper-based procedures throughout the procurement cycle. The public procurement cycle refers to the sequence of procurement activities from needs assessment, competition and award to payment and contract management, as well as any subsequent monitoring or auditing.

Beneficial ownership refers to the natural person(s) behind an entity, whether a legal person or arrangement, who exercise(s) control over it.

Further reading

OECD (2020), *Towards a new vision for Costa Rica's Public Procurement System: Assessment of Key Challenges for the Establishment of An Action Plan*, OECD, Paris, www.oecd.org/gov/public-procurement/publications/Towards-a-new-vision-for-Costa-Rica-s-public-procurement-system.pdf.

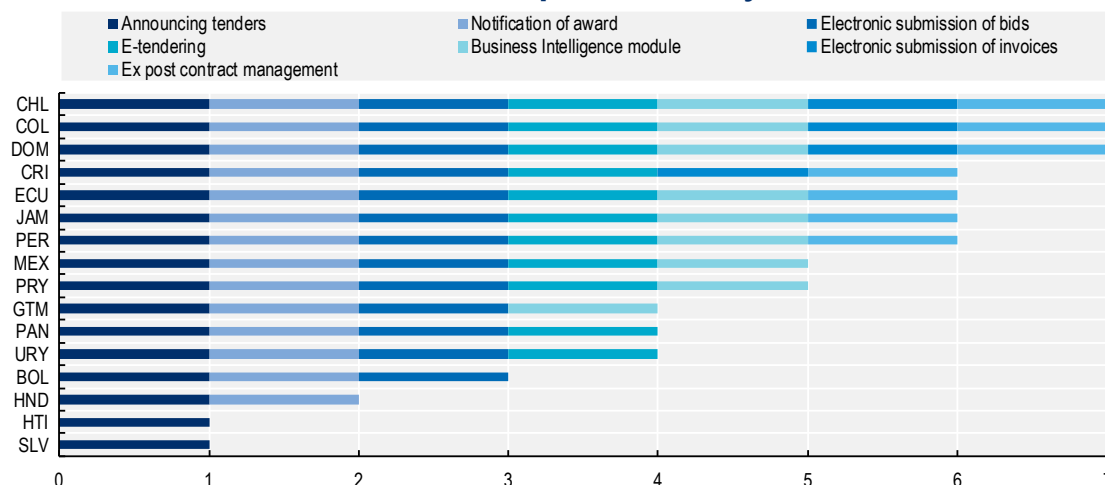
OECD (2015), "Recommendation of the Council on Public Procurement", *OECD Legal Instruments*, OECD, Paris, <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0411>.

Pimenta, C. and A. Seco (2021), *Financial Management Information Systems (FMIS) – Project Guide: Strategic, Functional, Technological, and Governance Issues in the Design and Implementation of New Platforms for Public Financial Management Systems*, Inter-American Development Bank, Washington, DC, <http://dx.doi.org/10.18235/0003342>.

Figure notes

Figure 7.4. Barbados, Suriname and Trinidad and Tobago are not in the figure since they do not have a centralised e-procurement system.

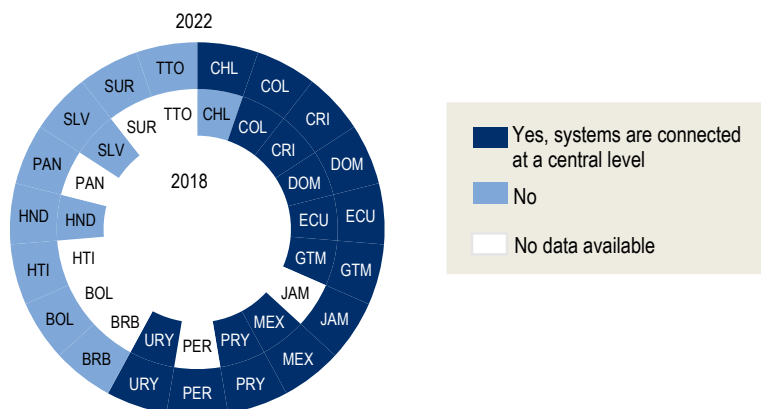
Figure 7.4. Functionalities of the centralised e-procurement system, 2022



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

StatLink <https://stat.link/6uo20d>

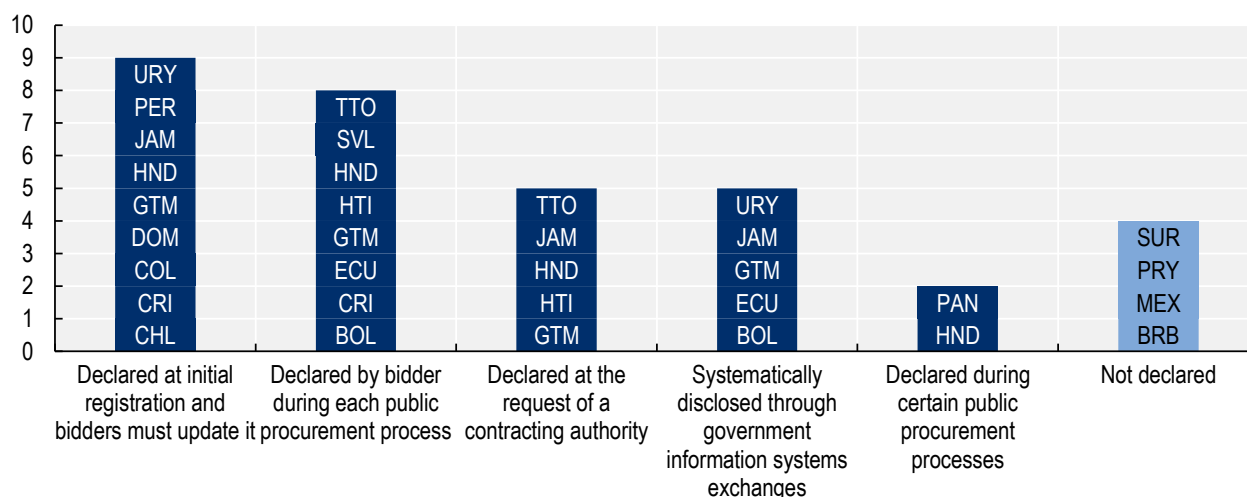
Figure 7.5. Integration of the e-procurement system with other e-government systems, 2018 and 2022



Source: IDB-OECD (2022), Survey on the Implementation of the 2015 OECD Recommendation on Public Procurement; IDB-OECD (2018), Survey on Public Procurement.

StatLink <https://stat.link/ct70wj>

Figure 7.6. Disclosure of beneficial ownership of companies bidding for public procurement procedures, 2022



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

StatLink <https://stat.link/r5pkbo>



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