

Chapter 6

Supporting integrity policies in public procurement in Costa Rica

This chapter studies reforms to the legal framework and the institutional set up to safeguard the integrity of the procurement process. The chapter examines the functions of the Comptroller General, the Ministry of Finance (Department of Management and Public Procurement) and of specialised units within each institution that are key actors in the procurement process. It also defines opportunities to strengthen the institutional framework as well as priority areas to increase integrity, transparency and accountability. The chapter gives recommendations on how the government of Costa Rica can use public procurement in a more transparent and effective manner to achieve policy objectives, i.e. by creating a public procurement authority or agreeing on a single procurement platform that covers the whole public sector, including the autonomous entities.

Public procurement in the Costa Rican economy

Public procurement is a key economic activity. It accounts on average for one-third of government spending in OECD Members. Its sound management is critical for a transparent and accountable spending of taxpayers' money and essential to build a stronger, cleaner and fairer global economy. Corruption and wrongdoing can have a profound impact on a country's capacity to maximise the use of available resources to provide high-quality services required by its citizens. Nowadays, governments need to provide public services with fewer resources, greater efficiency and ensure value for money due to budgetary constraints and greater demands for better services. Corruption in all its forms can arise in every phase of the procurement process, regardless of sector or scale. It is a threat to markets, trust in government and the rule of law; fighting corruption requires governments and business to work together.

Even though Costa Rica ranks better than other Latin American countries in Transparency International's Corruption Perception Index (CPI), the perception of corruption in Costa Rica has been increasing in the last few years. From 2010 to 2014, Costa Rica dropped 6 positions in the CPI. Levels of trust in government have also dropped, from 53% to 40% in the past five years, more than five times as much as the average decline across OECD Members for the same period (42.5% to 40%; Gallup World Poll, 2014). Corruption was further mentioned as one of the four most problematic factors for doing business in Costa Rica by the World Economic Forum's *Global Competitiveness Report 2014-2015*.

In Costa Rica, in 2014 general government public procurement accounted for approximately 15% of GDP (excluding oil revenues) and 30% of general government expenditure. For instance, procurement spending in Latin American and Caribbean (LAC) countries in 2011 represented 26% of general government expenditures and in 2013 OECD governments spent, on average, 29% of the total general government expenditure on public procurement. Despite public procurement's impact on the national budget, Costa Rica does not benefit from the strategic leverage of the procurement function as it is perceived as an administrative task. This activity does not fully achieve its strategic potential due to limited cohesive work from all institutions toward clear priorities and objectives and because public servants see this function primarily as an administrative checklist.

The major buyers in Costa Rica are autonomous institutions, especially the Costa Rican Electricity Institute (*Instituto Costarricense de Electricidad*, ICE), the National Road Council, the Costa Rican Department of Social Security (*Caja Costarricense de Seguro Social*, Caja), the Costa Rican Oil Refinery (*Refinadora Costarricense de Petróleo*, RECOPE) and the National Bank of Costa Rica. Overall, 92% of purchases are carried out by these autonomous institutions, 6% by the (budgetary) central government and about 2% by municipalities and other non-state entities (Banco Nacional de Costa Rica, 2010).

The institutional anchorage and legal framework of public procurement

Costa Rica has a long-standing tradition of making efforts to achieve good management of public funds. These go back to 1825 (creation of Courts of Accounts by Congress), with additional milestones like the creation of the Comptroller's Office in 1950, supplemented with a sound legal framework.

The most important legislation regarding procurement is the Procurement Act, enacted in 1995 and covering most public institutions, defining amongst others the procurement plan and procurement procedures.¹ Other institutions, such as the ICE, have their own public procurement rules² and the *Caja* has special regulations on the procurement of medicines; differences include, for instance, shorter times for the different stages of the procurement process or different economic thresholds than other government agencies. For some of the institutions, these specific regulations are explained by the fact that these sectors are facing higher levels of competition and therefore demand greater flexibility and efficiency in their procurement processes. Other relevant legislation includes the Concession of Public Works General Act (Law 7762 of 1998).

The key actors in the procurement process in Costa Rica are the Comptroller General, the Ministry of Finance (Department of Property Management and Public Procurement, DPMPP), the Digital Government Technical Secretariat and specialised units within each institution. The DPMPP covers less than 20% of the public procurement spending, covering only 61 institutions (i.e. ministries and subsidiary bodies). The Comptroller General carries out three main functions: *ex ante* control (i.e. approval of budgets of territorially and institutionally decentralised institutions; but also for launching a public procurement procedure within almost all public entities and the approval of exceptions for public bidding), *ex post* control and bid protests resolution.

Recent reforms have been carried out at different levels, both for the legal framework and the institutional set-up. The Procurement Act underwent a review in 2006, which promoted the adoption of framework agreements. The Office of the Comptroller General (*Contraloría General de la República*, CGR) has been making efforts to reduce the amount of contracts under its approval, returning part of the responsibility to the procuring entity. In 2012, a reform was enacted to increase the economic threshold applicable to contracts subject to the CGR's review, in order to help the Procurement Division of the CGR focus primarily on highly complex procurement procedures (Comptroller General of the Republic, 2012). Several consecutive governments actively supported the implementation of digital government, showing a sustained strong political commitment to press forward with digital reform.

Opportunities to strengthen the institutional framework

The need to fine-tune procurement-related functions

The CGR's *ex ante* control function does not exist in the majority of supreme audit institutions (SAIs) in the OECD, while in the few where it is present, the scope is limited, either functionally (e.g. Italy) or financially (e.g. Portugal). The Lima Declaration indicates that *ex ante* control may be carried out by institutions other than SAIs or other audit institutions (INTOSAI, 1977). The Lima Declaration notes that *ex ante* audit has the advantage of being able to prevent damage to the state before it occurs but may create an excessive amount of work and overlap with other responsibilities. *Ex ante* control of legality – or *refrendo* as it is referred in Costa Rica – is a core element of the CGR's portfolio. *Refrendo* is a preventive, *ex ante* verification of the legality of certain administrative acts, exclusively focused on legal compliance *vis-à-vis* the whole spectrum of the national applicable legal framework. The *refrendo* is seen as an important control for the preservation of law and order that can be associated with legitimacy of administrative action and trust in government.

In addition to *ex ante* control, the CGR also carries out *ex post* control. In this respect, the CGR reviews how entities spent public funds and determines if they complied with the law. The CGR in Costa Rica, as in Brazil, Chile, Italy, Portugal and Spain, has the power to impose administrative sanctions to those responsible for committing illegal acts in the management of public funds and public patrimony. However, stakeholders mention that *ex post* controls are limited and the CGR should reinforce this role. Moreover, risks may arise by approving first and auditing later as well as approving the use of exceptions.

In many OECD Members there has been a general trend for the past 20 years to move away from *ex ante* audit assignments, where they have existed, towards *ex post* audit assignments and greater focus on the functioning of internal controls and performance (Ruffner and Sevilla, 2004). The move from *ex ante* to *ex post* audit in the public sector has been influenced by changes in the size of government, technological innovation, the shift towards performance management and new forms of service delivery (OECD, 2014a).

In recent years, there has been a move for SAIs to develop better awareness and understanding of the value and benefit that they provide for citizens (INTOSAI, 2010). The change from *ex ante* to *ex post* controls does not mean there is less control, but rather more varied types of control. This change places the burden on managers to implement effective internal control and risk management practices. However, the Lima Declaration points out that “the legal situation and the conditions and requirements of each country determine whether a supreme audit institution carries out pre-audit. Post-audit is an indispensable task of every supreme audit institution regardless of whether or not it also carries out pre-audits” (INTOSAI, 1977). Costa Rica could reassess the role of its CGR, within its constitutional mandate, reviewing the continued relevance of its existing assignments and exploring new ones. Costa Rica could start allowing entities to gradually reduce *ex ante* controls if entities can demonstrate improvements in internal control and risk management. The CGR will need to monitor and evaluate and if internal controls are deteriorated then the agency would once again be subject to *ex ante* control. The CGR can start to pilot this possibility on an entity or sector base.

The role of the CGR in guiding public sector internal audit is similar to OECD Members such as Denmark, Korea and Portugal. However, in Costa Rica there is no formal channel of communication between the different audit units that allow them to share similar experiences. Internal control verifies whether chains of responsibility are clear and the delegated levels of authority for approval of spending and sign-off, and approval of key procurement milestones are well-functioning (OECD, 2009). In strengthening the CGR’s role in guiding internal audit, Costa Rica may, for instance, consider strengthening its internal audit support role through the creation of an online Portal for Internal Audit Units, like Chile, to support communications and share information with internal auditors in the central and municipal government.

Effective remedies for challenging procurement decisions are essential to build bidders’ confidence in the integrity and fairness of the procurement system. Key aspects of an effective recourse system are timely access, independent review, efficient and timely resolution of complaints as well as adequate remedies (OECD, 2009). Providing remedies before the contested contract is signed is essential to make sure that an aggrieved bidder maintains a chance of winning the contract. The CGR in Costa Rica acts as the body where objections against tender documents can be filed by potential bidders and any legally established entity, looking after the interests of the community where the procurement takes places.

Furthermore, central purchasing bodies have been implemented in an increasing number of the OECD Members. They are embedded in the system of public administration of each country and reflect the specific structures for the provision of public services. A central purchasing body is a contracting authority that: 1) acquires goods or services intended for one or more contracting authorities; 2) awards public contracts for works, goods or services intended for one or more contracting authorities; or 3) concludes framework agreements for works, goods or services intended for one or more contracting authorities. Large procurement volumes could reduce prices by achieving economies of scale as well as increase competition. Furthermore, they reduce duplication and transaction costs, and increase certainty, simplicity and uniformity, allowing for more focused delivery of policy goals. Currently, in Costa Rica there is no centralised purchasing body or procurement authority with a strategic mandate to provide a cohesive procurement vision, guidelines, co-ordination and performance management of procurement. Most institutions have their own resources management, procurement vision and e-procurement platform. This limits a strategic and effective procurement function. The multiplicity of procurement bodies may further create some duplicity for both suppliers and entities and therefore lessen opportunities for creating economies of scale and lowering prices. According to the 2015 *OECD Recommendation of the Council on Public Procurement*, the procurement function should be governed by a co-ordinated procurement authority or unit with a unified and well-recognised strategic mandate. Central purchasing bodies can be state-owned enterprises as in 15.6% of OECD Members, or function as a government agency (43.8%) or operate under a line ministry (28.1%). In this sense, in Costa Rica, the DPMPP could have its role strengthened and carry out this function.

Box 6.1. Online Portal for Internal Audit Units in Chile

In 2012, the Chilean CGR created an online Portal for Internal Audit Units (*Portal para las Unidades de Auditoría o Control Interno*) in order to support communications and share information with internal auditors in the central and municipal governments.

The portal serves both as a means of CGR communication and information sharing and also a means for discussion and knowledge sharing among internal auditors.

For example, the portal makes available CGR news, determinations, court of accounts' decisions regarding the actions of internal auditors, frequently used norms, accounting norms, INTOSAI norms, documents of interest and a directory of approximately 1 000 government internal auditors.

In addition, the portal includes a discussion forum structured around four themes:

1. matters spanning across levels of government
2. matters related to the central government sector (i.e. ministries, agencies and public enterprises)
3. matters related to the municipal sector
4. matters related to public sector accounting.

Source: OECD (2014a), *Chile's Supreme Audit Institution: Enhancing Strategic Agility and Public Trust*, OECD Public Governance Reviews, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264207561-en>.

Recommendations

Costa Rica could create a public procurement authority, within the limits of the Constitution, to set a national procurement vision, procurement priorities and objectives, including savings and policy objectives. This public procurement authority could also consolidate goods and services and promote a more expansive use of framework agreements. Costa Rica could undertake an awareness campaign to establish trust and confidence among the different actors on the benefits of a procurement authority as done by the Portuguese National Agency for Public Procurement (ANCP).

Box 6.2. Launching an awareness campaign in Portugal

The Portuguese National Agency for Public Procurement (ANCP) launched an awareness-raising campaign when it was established in 2007, consisting in:

- A road show with meetings in all large Portuguese cities for civil servants and bidders and open to all. Contacts through universities, technical chambers, chambers of commerce were sought and used.
- Direct information sessions for buyers, in particular big or strategic buyers.
- A large and advertised public conference and launching event with political participation, in two parts: the first part with the participation of national political leaders, and the second part with international organisations and similar international authorities.

The ANCP is now a well-known authority which sets up framework agreements and provides procurement advice: its role is recognised country-wide. The ANCP was merged with the ESPAP in September 2012 and now the ESPAP is in charge of public procurement activities for the Portuguese government.

Source: OECD (2014b), *Spain: From Administrative Reform to Continuous Improvement*, OECD Public Governance Reviews, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264210592-en>.

Costa Rica could start allowing entities to gradually reduce *ex ante* controls if entities can demonstrate improvements in internal control and risk management. The CGR will need to monitor and evaluate the quality of internal controls. The CGR can start to pilot this possibility on an entity or sector base. The CGR could, in addition, facilitate a communication network amongst internal control units. This implies a reassessment of the role of its Comptroller General, within its constitutional mandate, implying a review of the continued relevance of its existing assignments and exploration of new ones.

Opportunities to promote transparency and accountability in public procurement

Priority areas to increase transparency and accountability

The Costa Rican procurement system is substantially fragmented. In 2001, the Ministry of Finance launched Compr@Red, a digital platform for procurement procedures in the central government which covers today 61 institutions. In 2009, the Digital Government Technical Secretariat developed a further e-procurement system known as Mer-Link, covering several autonomous entities and municipalities, including the biggest buyer, the ICE. Moreover, some institutions, such as the *Caja*, the Costa Rican Oil Refinery, the National Insurance Institute and the National Training Institute, have developed their own procurement platforms. This diversification of procurement

platforms can have different disadvantages. It results, among others, in elevated human and financial resources needed for operating the different systems, higher costs for suppliers as well as non-standardised tender documents and bidding processes (and guidelines and manuals follow processes in their diversity). At the beginning of 2015, Executive Decree 38830-H-MICITT mandated that Mer-Link and Compr@Red be merged into a single e-procurement system named SICOP (*Sistema Costarricense de Compras Públicas*). The new platform will be primarily Mer-link but some of Compr@Red's functionalities will be merged into Mer-link. However, the decree does not make the system mandatory for the autonomous institutions, which could contribute in the future to the same proliferation of platforms that exists today in Costa Rica, limiting the benefits of a single platform. In addition, even if initially the Ministry of Finance will cover the cost that entities will have to pay to use SICOP, at some point entities will have to pay to use the system. Fees need to be clearly defined and agreed on before the full implementation of the system to ensure it is properly implemented. To take full advantage of the e-system, proper training needs to be provided to procurement agents, potential bidders and suppliers, as low knowledge and skills of ICT has been identified as the main challenges to use e-procurement systems.

Costa Rica's procurement units are used to having different thresholds to carry out their procurement procedures, whereas this can create confusion and extra work for suppliers as well as have an impact on the negotiation power of the ministries or small institutions *vis-à-vis* powerful autonomous institutions. The threshold to carry out different procedures differs among institutions related to the allocated budget: the higher the budget, the higher the threshold to carry out the direct awards. Most OECD Members have a single set of thresholds, without taking into consideration the size of the budget of each procuring entity.

Contrary to most OECD Members, where public bidding is the procurement procedure used the most, in Costa Rica during 2013, 82% in terms of number and 40% in term of value of the procedures were awarded through limited tendering. In addition, 41% of the procedures in terms of value were awarded through selective tendering. It is worth mentioning that limited tendering and selective tendering in Costa Rica are open and competitive processes similar to public biddings but with simplified procedures and shorter deadlines. All potential suppliers registered in the platforms are invited to participate in the process and submit proposals. Notwithstanding, the excessive use of these modalities may reflect an attempt to avoid more complex, and longer, tendering processes that have more requirements and formalities and are perceived by procurement officials as burdens, or may result from a lack of planning at the level of both requirement forecasting and management of the procurement process.

In recent years, the DPMPP has promoted the adoption of framework agreements, following a reform to the Procurement Act in 2006.³ Framework agreements are applicable to the 61 entities under the DPMPP.⁴ Framework agreements currently in force cover, among others, the purchase of office supplies and stationary, cleaning services and airline tickets. This has allowed, among other things, to consolidate demand and therefore reduce prices by achieving economies of scale, increase the negotiation power *vis-à-vis* powerful institutions, reduce the interaction between procurement agents and the private sector, and increase efficiency, since each ministry can place its purchase orders through the e-procurement platform Compr@Red.

Procurement officials in Costa Rica adopt a compliance-based approach rather than a more strategic approach based on outcomes as there is no professionalised procurement workforce. There is no special recruitment process for procurement units. Procurement

units are staffed in relation to the size of the institution and the complexity of its procedures, and they include public administration professionals, lawyers, economists and industrial engineers, among others. Across OECD Members, public procurement is increasingly recognised as a strategic profession rather than a simple administrative function that plays a central role in preventing mismanagement, waste and potential corruption.⁵ Adequate public employment conditions and incentives – in terms of remuneration, bonuses, career prospects and personnel development – help attract and retain highly skilled professionals. Many countries have started applying national integrity standards for all public officials – for example in civil service regulations – and standards for specific at-risk positions, such as for procurement officials, tax and customs officials or financial authorities. Specific standards for procurement officials, such as codes of conduct and conflict of interest policies, mitigate the risks related to the specificities of the public procurement process as done by Canada and Spain.

Box 6.3. Principles and code of conduct for procurement in Spain and Canada

Spain

With the aim of contributing to excellence in administrative activities within the area of procurement, the Office for Supervision and Evaluation of Public Procurement has compiled in its code of conduct the basic principles and good practice that have already been integrated into the day-to-day activities of the ministries of the administration of the Generalitat of Catalonia and the entities that form part of its public sector. New content for establishing the code of conduct and recommendations is also contained, contributed by the Working Group for the Promotion and Improvement of Procurement Processes, constituted within the Consultative Board on Administrative Procurement of the Generalitat of Catalonia; the Anti-Fraud Office of Catalonia; the Catalan Competition Authority; the Association of Secretaries, Mediators and Treasurers of the Catalan Local Administration; as well as business and trade union organisations.

The aim of the code is to consolidate the code of ethics in procurement as part of the culture and values of procurement bodies. The good procurement practice included in the code is structured in the following sections:

1. the specifying of the basic principles and ethical values that must govern the procurement process
2. the identification of specific conduct of interest with a view to drawing up the guidelines to follow in a variety of possible real specific circumstances
3. the specifying of especially interesting contractual practices
4. the raising of awareness, training and the monitoring of the ethical commitment.

With the creation of the Ethics Committee in Procurement of the Generalitat of Catalonia, made up of representatives from the ministries and entities of the Generalitat of Catalonia and belonging to the Presidency Department, a follow up and continuous updating of the code in the administration of the Generalitat and the entities of its public sector will be carried out.

Canada

The Code of Conduct for Procurement provides all those involved in the procurement process – public servants and vendors alike – with a clear statement of mutual expectations to ensure a common basic understanding among all participants in accountable, ethical and transparent procurement. The Code of Conduct for Procurement applies to all transactions entered into by Public Works and Government Services of Canada (PWGSC) either for their own procurements or on behalf of a client department.

Box 6.3. Principles and code of conduct for procurement in Spain and Canada (*cont.*)

The Code of Conduct for Procurement gives guidance regarding:

- responsibilities of public servants
- conflict of interest measures
- post-employment measures
- vendors' responsibility regarding solicitation and contract provisions
- vendors' duty to respect the responsibilities of public servants
- vendor complaints and procedural safeguards
- sanctions.

Sources: Generalitat de Catalunya (2014), “Codi de principis i conductes recomanables en la contractació pública”, (Principles and Code of Conduct for Procurement) http://presidencia.gencat.cat/web/ca/ambits_d_actuacio/oficina_de_supervisio_i_avaluacio_de_la_contractacio_publica_osacp/.content/osacp/baners/Aprovacio-Codi-conductes-recomanables.pdf (accessed 17 June 2015); Public Works and Government Services Canada (2014), “Context and purpose of the Code”, www.tpsgc-pwgsc.gc.ca/app-acq/cndt-cndct/contexte-context-eng.html (accessed 6 May 2015).

In Costa Rica, there has recently been greater citizen engagement and participation through increased public consultations on projects. An example of this is the public consultation for the construction of an improved road intersection in La Uruca, connecting San José and Heredia. However, there is no institutionalised process for civil society to participate in the procurement process. Costa Rica could consider involving civil society formally through different stages of the procurement process, as done by Mexico (Box 6.4). Direct accountability to the public and other stakeholders is a fundamental means of increasing transparency and integrity in decision making. Maintaining a close dialogue with suppliers' organisations is essential to keep up-to-date information on market evolutions, reduce information asymmetry and improve value for money, in particular for high-value procurements. Keeping a direct and constant contact with the private sector may help the government to be aware of the burdens and barriers associated with the procurement process and find the best solutions to maximise taxpayers' money and reduce the possibilities to circumvent the law. Costa Rica could carry out an initiative similar to the one in the United States (Box 6.5).

Box 6.4. Social witnesses in Mexico

Since 2009, social witnesses are required to participate in all stages of public tendering procedures above certain thresholds as a way to promote public scrutiny. In 2014, these thresholds were MXN 336 million (approximately USD 25 million) for goods and services and MXN 672 million (approximately USD 50 million) for public works.

Social witnesses are non-government organisations and individuals selected by the Ministry of Public Administration through public tendering. The Ministry of Public Administration keeps a registry of the approved social witnesses and evaluates their performance; unsatisfactory performance potentially results in the removal of the social witness from the registry.

When a federal entity requires the involvement of a social witness, it informs the ministry, which designates one from the registry.

As of January 2014, the ministry had registered 39 social witnesses for public procurement

Box 6.4. Social witnesses in Mexico (cont.)

projects: 5 civil society organisations and 34 individuals. This number has grown from 5 social witnesses in 2005 to almost 40 in 2014.

The Ministry of Public Administration notes that “the monitoring of the most relevant procurement processes of the federal government through social witnesses has had an impact in improving procurement procedures by virtue of their contributions and experience, to the point that they have become a strategic element for ensuring the transparency and credibility of the procurement system”. An OECD-World Bank Institute study (2007) indicates that the participation of social witnesses in procurement processes of the Federal Electricity Commission (*Comisión Federal de Electricidad*) created savings of approximately USD 26 million in 2006 and increased the number of bidders by over 50%.

Source: OECD (2013), *Public Procurement Review of the Mexican Institute of Social Security: Enhancing Efficiency and Integrity for Better Health Care*, OECD Public Governance Reviews, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264197480-en>.

Box 6.5. “Welcome to the Open Dialogue” in the United States

The federal acquisition system is governed by a myriad of rules, both administrative and statutory, that are designed to help agencies maximise results from their contracts, make sure that contractors are qualified to do business with the federal government, and ensure consistency with key economic and social policies. Efforts to streamline, modernise and improve required procedures may allow contractors and agencies to execute in a more efficient and effective manner, while still supporting these policy objectives.

To identify potential improvements, the Chief Acquisition Officers Council (CAOC), in coordination with the Federal Acquisition Regulatory Council, the Chief Information Officers Council and the Office of Management and Budget’s (OMB) Office of Federal Procurement Policy (OFPP), stood up an online platform in the second quarter of 2014 to allow members of the interested stakeholders acquisition community to engage with one another about burdens and barriers associated with the federal acquisition process and potential changes to address them.

This dialogue was part of an effort to improve the economy and efficiency of the federal acquisition system by identifying impactful steps that could be taken to make it easier for agencies to do business with the best companies and enter into contracts that allow these companies to provide their best solutions for the taxpayer.

The dialogue sought to identify specific rules and requirements, tools, procedures and practices that impact the efficiency and effectiveness of federal procurement and ways to improve them by encouraging responses in the following areas:

- Reporting and compliance requirements – e.g. opportunities where collection processes and systems can be re-engineered or automated, duplicative reporting can be eliminated, the frequency of reporting can be reduced and outdated compliance thresholds can be changed.
- Procurement practices – e.g. opportunities where acquisition strategies can be modernised (to support more efficient and effective acquisition of IT, in particular), where best commercial practices can be utilised, as well as efforts to promote greater consideration of innovative solutions and contracting practices.

Box 6.5. “Welcome to the Open Dialogue” in the United States (cont.)

- Participation by small and minority businesses, new entrants and non-traditional government contractors – e.g. opportunities for improving existing technical or strategic assistance programmes, making buying platforms for finding business opportunities and bidding more user friendly, and lowering the cost of doing business.

Using the online platform, interested parties submitted ideas, responded to questions posed by moderators and commented on other ideas – including those that they think are most promising and impactful.

Source: Chief Acquisition Officers Council (2014), “Open Dialogue on Improving How to Do Business with the Federal Government”, <http://cxo.dialogue.cao.gov>.

Recommendations

Costa Rica would benefit from agreeing on a single procurement platform that covers the whole public sector, including the autonomous entities. In order to ensure transparency, provide equal access to information for all suppliers, and promote competition and reinforce supplier trust, Costa Rica will need to ensure a proper integration of the different platforms. This would also require public official training and awareness raising.

The platform could also establish a system of red flags or mechanisms to track decisions and enable the identification of irregularities and potential corruption cases in public procurement.

The country could benefit from creating an authority to set a national procurement vision, work in a cohesive manner toward clear priorities and objectives. This public procurement authority could work closely with the different actors in order to consolidate goods and services and promote a more expansive use of framework agreements. An awareness campaign to establish trust and confidence among the different actors on the benefits of a procurement authority could be implemented.

Transparency of the procurement process could be enhanced through a series of practical measures, like the application of a unique set of thresholds for procurement procedures, clarification of good practices for contract clustering, and the development of a system to track decisions and enable the identification of irregularities and potential corruption cases.

Costa Rica could enhance the professionalisation of its procurement workforce. It could invest in providing adequate incentives to attract highly qualified officials and updating officials’ knowledge and skills on a regular basis to reflect regulatory, management and technological evolutions. This could, for instance, be enhanced by developing a formal job description for procurement officials and introducing a specific code of conduct for them.

Costa Rica could enhance stakeholder involvement through the different stages of the procurement process.

Notes

1. With the exception of non-state public entities financed by more than 50% by their own resources, contributions of its members, and public enterprises whose capital belongs mostly to private persons and not the public sector (Article 2, Procurement Act, Law 7494 of 1995).
2. Law to Strengthen the ICE.
3. See Law No. 8511 of 16 May 2006. The change was properly introduced in Article 15 of the Regulations of the Procurement Act, Executive Decree 3341-H of 2006.
4. See: www.hacienda.go.cr/docs/521ba66a1854b_Boletin%20de%20Convenio%20Marco%20Enero%202012-DGABCA.pdf.
5. Principle capacity: Ensure that procurement officials meet high professional standards for knowledge, practical implementation and integrity by providing a dedicated and regularly updated set of tools (OECD, 2015).

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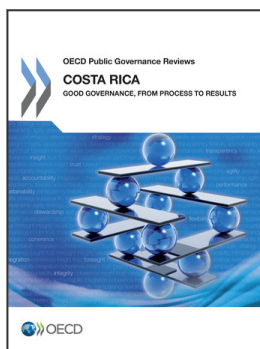
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