

The primary goal of public procurement is the correct and timely delivery of goods and services while safeguarding the use of public resources against the risks of waste, misuse and corruption. In addition, governments increasingly recognise the potential of public procurement in achieving complementary policy objectives (i.e. social, environmental and economic).

Social objectives could include, promoting the participation of women-owned businesses or of other socially or economically vulnerable groups in public procurement opportunities. The focus of objectives pursuing an economic dimension is often on lowering barriers for small and medium-sized enterprises (SMEs) to participate in public procurement. Facilitating SMEs' access to tenders increases the number of firms participating in the tender, and could result in lower prices through higher competition, while creating employment opportunities, particularly as SMEs make up for a large percentage of employment in the LAC region (Ferraro and Rojo, 2018). Additionally, public procurement can be used as a tool to support policies on environmental protection and environmentally-sustainable development.

The most widely pursued strategic objectives in LAC is the participation of SMEs in public procurement. About two thirds of LAC countries indicated that they support SMEs through various policies and strategies, both at the central level and at the level of specific procuring entities. The most widely used approaches in LAC include the provision of training and workshops, and having a specific unit specialised on SMEs- each was reported by 75% of LAC countries. Further, 60% of responding LAC countries indicated having specific policies or legislative provisions to promote the participation of SMEs in public procurement. In contrast, OECD countries promoted SMEs participation in public procurement through the division of contracts into lots (70% of the countries) and the issuance of documentation and guidance directed to SMEs (67%).

Only a quarter of LAC countries reported having policies to promote procurement by women-owned enterprises. Among these, Chile and the Dominican Republic - have made large strides and are recognised as pioneers in this area. Some advances are also observed in other countries; for example, the 2018 data shows that in comparison to 2015 (previous survey period), Honduras adopted a strategy aimed at increasing the participation of women-owned enterprises in public procurement.

Fifty-five percent of LAC countries, including Brazil, Costa Rica, El Salvador and Paraguay, have developed strategies to promote green public procurement and contribute to safeguarding the environment and fighting global warming. Paraguay recently implemented a mandatory sustainability criterion for the acquisition of paper materials and computer equipment through

framework agreements. In comparison with 2015, some procuring entities in Guatemala have developed a policy to support green public procurement. However, the use of the lowest price as the exclusive award criteria hinders the strategic use of public procurement in many countries of the LAC region. In fact, many contracting authorities of OECD countries – 93% of which have green procurement policies at the central level, compared to 40% in LAC – highlighted this issue as one of the main challenges related to the implementation of green public procurement

Methodology and definitions

Data are from the 2018 OECD-IDB Survey on Public Procurement. Twenty LAC countries responded to the survey. Respondents were delegates to the Inter-American Network on Government Procurement. The definition of SMES varies from country to country. It is often based on the number of employees or financial information. Generally, small enterprises are those that have between 10 and 100 workers; medium are those with a workforce between 100 and 250 workers. The International Labour Organization defines SMEs as any company that employs less than 250 workers.

Further reading

Ferraro, C and S. Rojo (2018), *Las MIPYMES en América Latina y el Caribe: Una agenda integrada para promover la productividad y la formalización*, Informes Técnicos OIT Cono Sur, N°7. ILO Publishing, Santiago de Chile. <https://www.ilo.org/santiago/lang-es/index.htm>

Pimenta, C. and N. Rezai (2015), "Public procurement in Latin America", in C. Pimenta and M. Pessoa (eds.), *Public Financial Management in Latin America: The Key to Efficiency and Transparency*, Inter-American Development Bank, Washington, DC.

Figure notes

10.4 The Dominican Republic, Ecuador, Nicaragua and Uruguay stated that a policy to promote green public procurement is being developed. Barbados and Nicaragua indicated that a policy to support SMEs is being developed. In Ecuador and Uruguay a policy to support the procurement of innovative goods and services is currently being developed. The 2015 version of the LAC survey did not include questions on responsible business conduct. Data for OECD countries are from the OECD 2018 Survey on the Implementation of the 2015 OECD Recommendations on Public Procurement.

10.5 The European Commission directive on public procurement does not allow for any preferential treatment that could favour specific economic operators, including SMEs. Data for OECD countries are from the OECD 2016 Survey on Public Procurement.

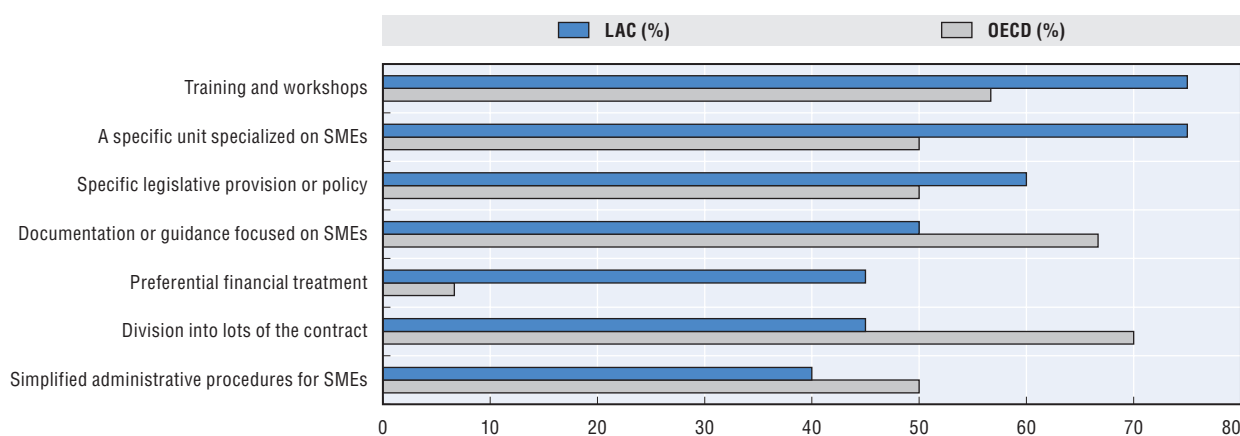
10.4. Strategic public procurement by objective, 2015 and 2018

Country	Green public procurement		Support to SMEs		Support to procure innovative goods and services		Support to women-owned businesses		Support to responsible business conducts
	2018	2015	2018	2015	2018	2015	2018	2015	2018
Anguila	○	..	○	..	○	..	○	..	○
Barbados	●	..	○	..	○	..	◆	..	●
Belize	○	●	◆	●	◆	◆	◆	●	◆
Brazil	●	◆●	●	◆●	●	●	○	●	●
Chile	◆●	◆●	●	◆●	●	●	●	●	●
Colombia	◆	◆	●	●	●	●	○	●	◆
Costa Rica	●	●	●	●	○	○	○	○	○
Dominican Republic	○	◆●	●	●	○	◆	○	◆	○
Ecuador	●	○	●	●	○	●	○	●	●
El Salvador	○	●	○	●	○	○	○	○	○
Grenada	◆	..	○	..	○	..	○	..	○
Guatemala	●	○	●	●	○	○	○	○	○
Guyana	◆	..	●	..	●	..	●	..	●
Honduras	○	◆	○	●	○	◆	○	◆	○
Mexico	●	●	●	●	●	●	○	●	○
Nicaragua	○	◆	○	○	○	○	○	○	○
Paraguay	●	◆●	●	◆●	○	○	○	○	○
Saint Lucia	○	..	●	..	○	..	●	..	○
Turks and Caicos islands	○	..	○	..	○	..	○	..	○
Uruguay	○	○	●	●	○	○	○	○	○
LAC									
● A strategy/policy has been developed at a central level	8		12		5		3		5
◆ Some procuring entities have developed an internal strategy/policy	4		1		1		2		2
○ There has never been a strategy/policy in place	9		7		14		15		13
■ A strategy/policy has been rescinded	0		0		0		0		0
OECD									
● A strategy/policy has been developed at a central level	28		24		22		6		18
◆ Some procuring entities have developed an internal strategy/policy	10		8		8		1		8
○ There has never been a strategy/policy in place	0		2		5		24		9
■ A strategy/policy has been rescinded	0		0		0		0		0

Source: OECD-IDB (2018 and 2015), Surveys on Public Procurement.

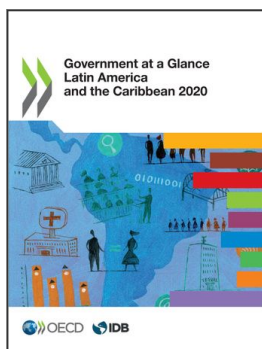
StatLink  <https://doi.org/10.1787/888934093158>

10.5. Approaches in place to support participation of SMEs in public procurement, 2018



Source: OECD-IDB (2018), Surveys on Public Procurement.

StatLink  <https://doi.org/10.1787/888934093177>



From:

Government at a Glance: Latin America and the Caribbean 2020

Access the complete publication at:

<https://doi.org/10.1787/13130fbb-en>

Please cite this chapter as:

OECD (2020), “Strategic public procurement”, in *Government at a Glance: Latin America and the Caribbean 2020*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/1a4deada-en>

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