Chapter 77
Electronic Government Procurement in Latin America and the Caribbean

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ABSTRACT

The chapter explores the topic of electronic government procurement (e-GP) in Latin America and the Caribbean (LAC), the factors that affected the development of such systems, how they evolved differently across the region and the challenges going forward. The information included in this chapter will provide insight on how e-GP implementation has been a key element in public procurement reform in LAC as well as important lessons from the region.

INTRODUCTION

Since the mid-1990s when e-GP systems first began to emerge in Latin America and the Caribbean (LAC), the region has made considerable progress both in terms of degree of interaction/transaction of the systems and in having advanced modules. While the approach has differed greatly amongst countries and sub-regions, the overall tendency has been a notable shift towards more widespread use and adoption of such systems. This chapter will explore how such factors such as the establishment of public procurement entities, new business models and political buy-in influenced the adoption of e-GP. It will also cover the key differences that characterize the development of e-GP in the Caribbean and discuss some of the pending issues that e-GP systems still face in the region, such as the challenges of shifting from a control to an efficiency perspective in public procurement and its effect on e-GP and continued impact of legacy systems. Finally, the chapter will conclude with areas for future research.

BACKGROUND

History of E-GP in Latin America and the Caribbean

Latin America and the Caribbean (LAC) is a region characterized by three main waves of e-GP implementation. The first wave focused on the development of incipient procurement informational portals that began to appear in the late 1990s to early 2000s, an era when countries in LAC didn't have the political or budgetary support that is commonly found today for procurement modernization and implementation of sophisticated e-GP systems. Additionally, there was limited institutional capacity, organizational structure and human resources with the expertise to support such an undertaking. This environment influenced heavily the future of e-GP implementations and countries that pioneered development had to rely on and leverage other initiatives that had the support and resources necessary, in the case of LAC, the e-government and anti-corruption initiatives (Concha, 2011).

At the time, newly created e-government agencies were occupied by disseminating and publishing government information online and focused on creating standards and tools to create, manage and populate websites and informational portals for the central government. E-government agencies were eager to further their impact by converting analog services to digital and create platforms that went beyond the simple provision of vertical information online (Concha, 2011) Helping in the development of e-GP was the fact that it is one of the few government functions that has both back office and front office transactions, so it was a natural fit as the partnership would help both up and coming areas of government to gain notoriety and highlight their importance and potential.

Furthermore, high-profile corruption scandals of the late 90s generated an outcry among the population and government officials were blamed for not having proper controls in place. This created the political environment conducive to implement measures to increase transparency and ensure greater accountability in public expenditure. As budgetary and financial management functions were more politically sensitive, entailed more complex interventions and required longer periods for overhaul, e-GP became the tool of choice to fulfill the demands and highlight progress in gaining more transparency, control and accountability in the use of public resources (Volosin, 2010).

The first wave was typified by early adopters that began the process of digitalization with information portals and in some cases interactive features including countries such as Brazil, Chile and Mexico (Volosin, 2010). These pioneers not only started the wave of e-GP implementations in the region, but influenced and assisted developments in a number of countries (see Figure 1).

INTERACTIVITY AND THE SEARCH FOR EFFICIENCY

The second wave of e-GP implementation took place between the mid to late 2000s. It consisted of the development of systems with early interactive and transactional functionalities.

Specialized procurement agencies and units were created in most countries of the region and with them a new focus occurred. The new entities had to worry not only about control, but also providing services to other government agencies as they now gave back-office support to the central government and front-office services to private sector suppliers. As the focus shifted towards having more efficient

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