

SMART PROCUREMENT SPENDING

A Toolbox with Concrete
Solutions



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WHAT ARE WE OFFERING?

The IDB's Fiscal Management Division has created a rapid-application analytical toolkit to help public administrations in improving the management of public procurement spending.

It is part of a toolbox being developed by the IDB to analyze the management, performance, and quality of public spending in different areas, such as payroll, social transfers, and public procurement.

The procurement module identifies strengths and areas for improvement. It offers recommendations for specific actions to bolster the quality of spending, for example, administrative, operational, procedural, and information management improvements that generate efficiencies and savings.

This tool helps pinpoint the critical aspects of procurement systems that affect the quality of public spending. It also proposes specific actions that can be carried out without major structural changes and decrease the active (e.g. corruption) and passive (e.g. delays) waste of resources.

INNOVATIVE SOLUTION



The tool can be applied in a **three-month period**.

It helps identify the problems of articulation between the quality of the spending and the procurement systems, which reduces waste.

This solution evaluates both **legal and institutional framework**, based on good international procurement and public finance practices, as well as the **effectiveness of its implementation**. By combining theoretical and practical day-to-day management, it identifies problems that cause inefficiencies and prioritizes impact-generating initiatives.



WHAT KIND OF INFORMATION DOES THIS TOOL GENERATE?

The IDB's Fiscal Management Division works hand in hand with different levels of government to apply this tool. Program participants will receive the following:

A **heatmap** that collects the main results of the application of the tool and in which the strengths and weaknesses of the contracting system are displayed, highlighting the opportunities for improvement in the short term. This product is delivered at the end of the first month of the support.



SEE AN EXAMPLE
HERE

A **roadmap** with recommendations to harness the improvement opportunities identified on the heatmap. These recommendations are based on international benchmarks from both the Latin American and Caribbean (LAC) and other parts of the world. The proposals are adjusted to fit the context of each LAC country according to the indicators generated by the tool. This product is delivered one month after the delivery of the heatmap.

In addition to these reports, the IDB may also provide additional analyses according to the specific needs of each government one month after the roadmap is endorsed, for example:

- An **ex-ante estimate of the economic impact** of up to three initiatives identified in the roadmap to understand and promote the benefits of moving forward with these actions.
- An **estimate of the risk** of active waste in procurement derived from a subset of indicators.
- A **survey of the private sector** to identify the main obstacles to participation in public contracting, including those associated with active waste, such as the use of prohibited practices.

The **IDB** can also support the implementation of the recommendations generated by the tool using **non-reimbursable resources, such as technical cooperation, and through lending operations.**

WHAT IS THE BENEFIT OF WORKING WITH THE IDB?



The IDB is a major generator of knowledge at the forefront of spending management issues and in the microeconomic vision of public procurement. Both the heatmap indicators and the roadmap proposals are based on the knowledge that the Bank's fiscal management division has implemented at different levels of government.

The bank has the capacity to make a comparative analysis given its experience and reach in the countries and governments of the LAC region.

It provides expert support to ensure the correct application of the tool, thus reaching conclusions and solutions with significant impact. This allows civil servants to focus on essential activities.

HOW CAN YOU WORK WITH THE IDB **ON THIS INITIATIVE?**

The successful diagnosis and generation of recommendations require national or subnational governments to do the following:

- Be available to meet with our team of experts.
- Provide quantitative information which, in some cases, may require some prior processing.
- Provide contact information for buyers, executors, and public market suppliers to be interviewed.
- Complete the preliminary review of the results of the tool.
- Actively participate and give feedback during the application process.



Who should I contact at the IDB?

Contact the:
**IDB Fiscal Management
specialist** assigned to
your country.

If there is no assigned specialist,
please contact:



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