Foreword

Governments across OECD countries are seeking to make public service delivery more efficient and cost-effective, largely because of budgetary constraints but also to respond to growing expectations from citizens. In exploring different policy options, they are finding that technical policy instruments, such as procurement contracting tools, can also be levers for change. This report looks at framework agreements in the procurement processes in Chile.

The Government Programme of Chile for the period 2014-2018 defined an ambitious set of economic, political and social reforms, including measures to improve public service delivery. These measures involved changes to public procurement to make it more sustainable and efficient. Representing almost one-third of government expenditure, public procurement significantly impacts on the delivery of public services, either directly with the provision of infrastructure, healthcare services or educational facilities, for example, or indirectly by generating business opportunities for the private sector. Strategic public procurement, by streamlining and rationalising processes, supports public sector transformation and productivity growth and shapes the private sector’s contribution to public service delivery. It also allows government to evaluate policy efficiency in an area that has a direct economic impact.

Framework agreements are contracts between one or more public contracting authorities and one or more suppliers, establishing general terms governing purchase orders to be awarded during the agreement’s term. Largely implemented in countries around the world, they can be used to aggregate public demand and streamline procurement processes. One of the first Latin American countries to implement framework agreements, Chile progressively expanded their use by both the central government and municipalities. Chile’s central purchasing body, the Directorate of Government Procurement and Contracting of Chile (also known as ChileCompra), has developed framework agreements in a growing number of product categories. It also developed an electronic marketplace where purchase orders can be processed by contracting authorities. The implementation and development of this instrument proved to be highly successful. The electronic catalog of framework agreements called ChileCompra Express is the largest online store in the country and is almost equivalent to all private electronic commerce in Chile. Yet, in pursuing the government’s objective to promote an inclusive public procurement system, ChileCompra has been overwhelmed by the steady increase of the number of awarded suppliers and the exponential growth of contract management activities. These trends called into question both the sustainability and the efficiency of the current system.

In an attempt to optimise the system, ChileCompra is revising the design and functioning of framework agreements, and has asked the OECD to assist in this undertaking, based on its 2015 Recommendation on Public Procurement as well international good practices and insights in implementing and managing framework agreements.
Focusing on framework agreements, this report evaluates the impact that broader policy objectives such as inclusiveness have had on the performance of Chile’s procurement. It recommends strategic choices for improving ChileCompra’s framework agreement system, and suggests ways to streamline processes, improve the effectiveness of the system and increase efficiencies while promoting inclusiveness.

The report also presents key results from a comprehensive benchmarking survey on framework agreements conducted in the beginning of 2016. Current practices in different jurisdictions provided background evidence and data for the analysis.

This report is part of OECD’s work to help governments at all levels design and implement strategic, evidence-based and effective policies to strengthen public governance.

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