

Efficient investment in public infrastructure is crucial for a country's development. In fact, empirical evidence suggests that reallocating public spending to infrastructure can raise growth rates over the long run (Fournier 2016). Still, infrastructure investment should be grounded in the objective appraisal of economic capacity gaps, infrastructural development needs and sectoral/social priorities, as well as the prudent assessment of the costs and benefits of such investments. In general, LAC governments prepare development plans at the national and subnational levels that include substantial investments for the construction, renovation and maintenance of public infrastructure. The provision of hospitals, water treatment systems, schools and public housing, among other works, allows governments to deliver key public services to citizens and to create economic opportunities, while ensuring social inclusion and environmental sustainability.

The way in which works and equipment are procured is critical to ensure a cost efficient and sustainable infrastructure. At the procurement stage, following key principles such as transparency, competition, integrity and efficiency is crucial. Procurement for public investment projects raises challenges that are much more complex than those involved in the procurement of standard services or goods. For example, a major infrastructure project may require multiple contract awards for its design, additional ones for construction, and yet others for technical supervision and oversight. In such situations especially, developing policies on an ad-hoc basis hinders the application of a consistent methodology in choosing delivery modes for infrastructure projects.

The majority of LAC countries (60%), such as Brazil, Costa Rica and Ecuador, have established dedicated entities for developing policies for infrastructure projects within the central government. Another 20% of LAC countries develop policies for infrastructure projects on an ad-hoc basis. By comparison, only 39% of OECD countries have such a unit in the central government, while 54% do not have this type of permanent institutional setting at all.

Another characteristic of the LAC region is the coverage of public procurement law and regulations. These legal frameworks are fully applied to infrastructure projects in 60% of the surveyed countries and partially in the other 40%. Regulatory and legal frameworks could help to address risks of inefficiency and corruption that are often associated with the procurement of major infrastructure projects due to their complexity (as previously mentioned). However, the existence of legal instruments is not sufficient to avoid infrastructure projects from being captured by vested interests, signaling the need of additional and reinforced institutional safeguards. National frameworks and guidance

on infrastructure delivery could be effective tools to further mitigate risks and potential political opportunism. Specific guidance could be additionally provided depending on specific delivery modes or based on certain thresholds.

Methodology and definitions

Data were collected through the 2018 OECD-IDB Survey on Public Procurement. Twenty LAC countries responded to the survey. Respondents to the survey were country heads of procurement, delegates to the Inter-American Network on Government Procurement responsible for procurement policies at the central government level, and senior officials in public procurement regulatory and monitoring agencies.

"Public infrastructure" is defined as facilities, structures, networks, systems, plants, property, equipment or physical assets and the enterprises that employ them, which provide public goods or services that meet a politically mandated, fundamental need that the market is not able to provide on its own.

Major differences between infrastructure delivery models (e.g. design-build, design-bid-build, alliance contracting, private-public partnership, concession and private provision) exist with regard to the allocation of risks and public control over the construction of the infrastructure. See page 91 of OECD (2015) for more detailed information.

Further reading

Fournier, J. (2016), "The positive effect of public investment on potential growth", *OECD Economics Department Working Papers*, No. 1347, OECD Publishing, Paris, <https://doi.org/10.1787/15e400d4-en>.

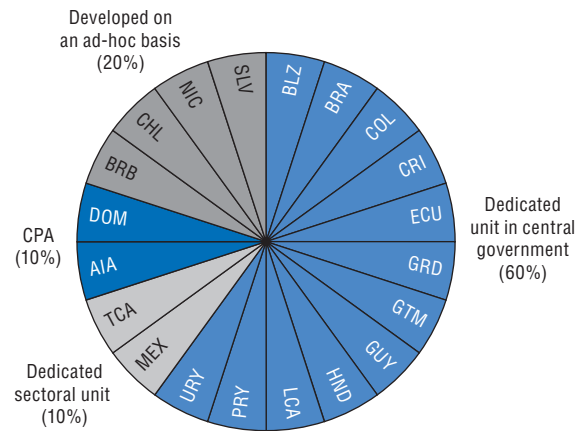
Izquierdo, A., C. Pessino and G.J. Vuletin (2018), *Better Spending for Better Lives: How Latin American and the Caribbean Can Do More With Less*, Inter-American Development Bank, Washington, DC.

OECD (2015), *Effective Delivery of Large Infrastructure Projects: The Case of the New International Airport of Mexico City*, OECD Public Governance Reviews, OECD Publishing, Paris, <https://doi.org/10.1787/9789264248335-en>.

Figure notes

10.13 "Partially" means where public procurement law and regulations are partially applicable and specific laws and regulations exist for some or all infrastructure projects. Data for Chile are from 2016.

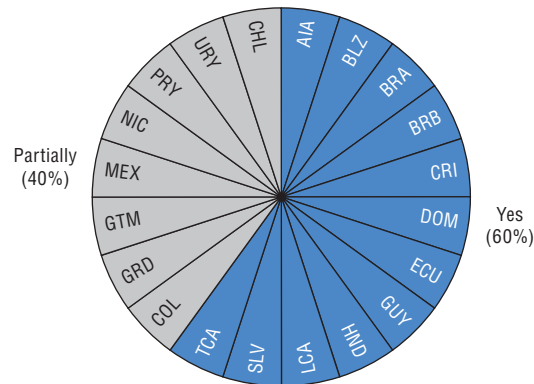
10.12. Entity (or entities) in charge of developing policies for infrastructure projects, 2018



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

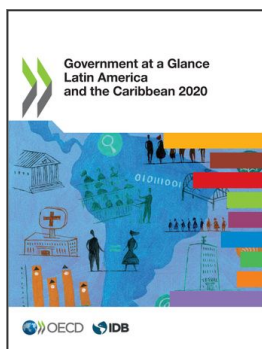
StatLink <https://doi.org/10.1787/888934093291>

10.13. Application of public procurement law and regulations to infrastructure projects, 2018



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

StatLink <https://doi.org/10.1787/888934093310>



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), "Procurement and the delivery of infrastructure projects", in *Government at a Glance: Latin America and the Caribbean 2020*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/4206c7dd-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.