



Using transparency as a tool to fight corruption, Latin American countries have launched electronic platforms to prevent misconduct in procurements and to monitor public officials' personal assets; so far initial results point to success.

# FIGHTING CORRUPTION BY IMPROVING TRANSPARENCY AND ACCESS TO INFORMATION



## SUMMARY

Using Information and Communication Technologies (ICTs), in the last decades countries such as Argentina, Brazil, Chile, Guatemala, Mexico, Panama and Paraguay have designed and created electronic platforms that make information about procurement and government officials' personal assets public. These electronic platforms have guaranteed an effective and transparent flow of public information, thereby empowering citizens to identify and demand action against corruption and allowing oversight agencies to detect and sanction public officials engaging in corruption.

## CORRUPTION IS A PRESSING PROBLEM IN DEVELOPING REGIONS

[Transparency International](#) defines corruption as the abuse of entrusted power for private gain.<sup>1</sup> Corruption negatively affects countries' social and economic development. It discourages private investment and reduces tax revenue, therefore jeopardising economic growth. It precludes the poor from accessing public services when they cannot afford to pay bribes, enlarging social inequalities and undermining citizens' trust of the government. Finally, it limits the effectiveness of public policies since some of the money allocated stays in private hands.

Corruption is a persistent challenge in developing regions. As Figure 1 shows, Sub-Saharan Africa, South Asia and Latin America ranked low in the World Bank's Control of Corruption Indicator when compared to Organisation for Economic Co-operation Development (OECD) countries.

## KEY

### LESSONS LEARNED

Implementing transparency and access to information electronic platforms in sensitive areas such as the procurement process or to monitor public officials' personal assets can reduce corruption.

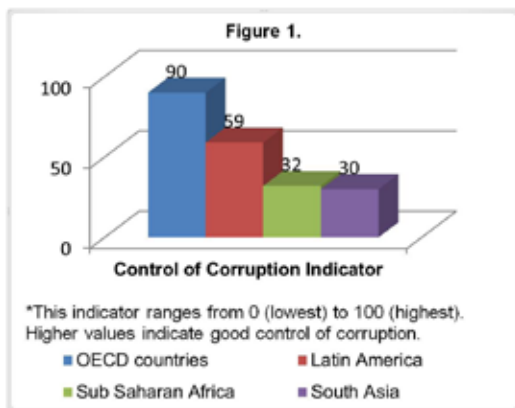
Civil society's monitoring of procurement and assets information proved to successfully contribute to identifying corruption.

Political will and the strengthening of public agencies' technical, institutional, and financial capacities are important for the success of these practices.

<sup>1</sup>"[Frequently asked questions about corruption](#)". 2011. Transparency International.



The ratification of the Inter-American Convention Against Corruption (IACAC) in 1996 gave Latin American countries a push to even further commit themselves to eradicate corruption. Promoting greater transparency and access to information has been seen as an effective and innovative mechanism to reduce corruption in the region.



Source: D. Kaufmann, et. al. 2010. *Worldwide Governance Indicators* 2010. World Bank, Washington, DC.

## USING TRANSPARENCY TO FIGHT CORRUPTION: TWO LATIN AMERICAN CASES

Though Latin American countries have used a variety of ways to promote transparency as a strategy for fighting corruption, this Brief focuses on just two of these practices, selected for their innovativeness and initial positive results. The first targets procurements, a process long considered especially prone to corruption. The second focuses on public officials' personal assets as an indicator of illicit personal enrichment. Making use of information and communication technologies (ICTs), Latin American countries have created innovative online platforms that make information in these areas transparent and available.<sup>2</sup>

These online platforms reduce corruption in two key

ICTs are technologies useful for collecting, processing, transmitting and presenting information.

ways. First, by guaranteeing an effective flow of public information, they allow citizens and oversight agencies to identify corruption and discourage public officials from engaging in corrupt acts, as they feel 'observed'. Second, by automating and standardising processes, they reduce public servants' interactions with citizens, meaning reducing the opportunities for public officials to give or receive bribes.<sup>3</sup>

### CASE 1: OPENING PUBLIC PROCUREMENT TO CITIZEN SCRUTINY

Latin American countries at the national and sub-national level have pioneered e-procurement platforms. These platforms disclose government purchase information, such as calls for bids or tenders, the proposals submitted by suppliers, and the outcomes of these calls. In some cases, the procurement process is managed entirely through the platform, for example, allowing suppliers to submit their proposals online via the platform.

By making procurement information transparent and available, these platforms: a) enable citizens, suppliers, and public agencies to monitor the different stages of the bidding and contracting process to identify corruption; and b) discourage public officers from engaging in corrupt acts in the first place.

A number of countries in the region have created e-procurement platforms. Some of the good examples at the national level are:

- [Chilecompra](#) (Chile)
- [Compranet](#) (Mexico)
- [ComprasNet](#) (Brazil)
- [PanamaCompra](#) (Panama)
- [Information System of Public Contracting](#) (Paraguay)
- [Guatecompras](#) (Guatemala)

At the sub-national level, [Bolsa Eletrônica de Compras](#), BEC (Sao Paulo, Brazil) stands out.

<sup>2</sup> A number of international organisations have been active in promoting these two types of platforms, so there are a wealth of interesting tools and resources available focusing on the international experience, which can be accessed on the websites of [UN Procurement Capacity Development Centre](#), [UN Office of Drugs and Crimes](#), [World Bank](#), [U4 Anti-Corruption Resource Centre](#), and the [Inter-American Network on Government Procurement](#).

<sup>3</sup> OECD. 2005. [Fighting Corruption and Promoting Integrity in Public Procurement](#). OECD, Paris



### Compranet: Mexico's E-Procurement Platform

In 1997, the Mexican government launched *Compranet*, its electronic procurement system, aiming to make government purchases of goods, services and public works more efficient; allow providers to consult bids and tenders and to submit their proposals and monitor the process through electronic means; and make government procurement transparent to reduce corruption.

After 15 years of implementation, *Compranet* has become an effective tool for managing procurement in the country:

- Today, 100% of tenders and bids go through *Compranet*
- 80% of government purchases are managed through it
- There are more than 45,000 suppliers registered
- The costs of the goods and services purchased by the government have been reduced by 20% since *Compranet* was launched

Finally, *Compranet* has incorporated citizens and organisations – called *Testigos Sociales* (Social Witnesses) – in monitoring the procurement process. These Social Witnesses make sure that the process is fair and transparent and report irregularities to government control units or the Oversight Commission of the Legislative. Their reports are published and made publicly available in the e-procurement platform itself.

Sources: J. Dávila Pérez, "CompraNet as a tool for modernising public procurement", VII Annual Conference on Public Procurement in the Americas, Santo Domingo, October 18th 2011; N. K. Hanna. 2010. *Transforming Government and Building the Information Society*, New York, Springer; Mexico's *Procurement Law*.

### OUTCOMES OF E-PROCUREMENT PLATFORMS

Most Latin American e-procurement platforms are at an early stage of implementation, having being launched only in the last five to ten years. In spite of this, some promising results have already been shown:

- Government purchases' prices have decreased because procurement platforms have reduced public officers' and suppliers' in-person interaction, a stage which is particularly corruption prone. Since the implementation of the BEC in São Paulo, Brazil, prices of government purchases fell 25% in 2000-2006.<sup>4</sup>
- Costs for implementing or participating in the procurement process have also been reduced, benefiting both governments and suppliers. Since introducing the BEC, the average procedural cost for the São Paulo State Government decreased by 73%, and by 94% for suppliers participating in public bids.<sup>5</sup> At the national level, e-procurement resulted in savings of 7-10% in Chile and around 20% in Mexico and Brazil.<sup>6</sup>
- They are being effectively used by citizens and civil society as oversight tools. As described above, in Mexico, Social Witnesses are already playing an

oversight role. In 2005, the Transparency International Chapter in Paraguay created an index to measure ministries' integrity in public contracting.<sup>7</sup> *Acción Ciudadana*, the Transparency International Chapter in Guatemala, also monitors government's procurements and trains other civil society organisations to do so.

- Suppliers and governments perceive that these platforms indeed improve transparency. A survey on e-procurement platforms, including the ones from Argentina, Brazil, Chile and Mexico, revealed that suppliers and governments perceived improving transparency as among the three most important benefits of these platforms.<sup>8</sup>

### CASE 2: DISCLOSING PUBLIC OFFICIALS' PERSONAL ASSETS

Latin American countries such as Argentina with *Ddijonline* or Mexico with *Declaranet* have designed and implemented electronic platforms to disclose public officials' personal assets. These platforms allow public servants to submit electronically the yearly declarations of personal assets and income that by law they are mandated to.

By gathering all public officials' declarations electronically

<sup>4</sup> "Results", Relógio da Economia, Sao Paulo State Government, [http://www.relogiodaeconomia.sp.gov.br/br/home\\_results.asp](http://www.relogiodaeconomia.sp.gov.br/br/home_results.asp).

<sup>5</sup> E. Crescia. 2006. "Measuring e-gov Impact: The experience of São Paulo, Brazil." World Bank.

<sup>6</sup> Daruwalla, K., Gupta, T. 7 August 2009. *Governance and Development*. "How can technology in public procurement bring about improved governance?", [blogs.worldbank.org](http://blogs.worldbank.org).

<sup>7</sup> OECD 2005, above n 3; Transparencia Paraguay. 2005. *Índice de Desempeño e Integridad en Contrataciones Públicas 2004-2005* (Performance and Integrity Index on Public Contracting 2004-2005). Transparencia Paraguay, Asunción.

<sup>8</sup> *Multilateral Development Bank International Survey of E-procurement Systems*. 2007. Asian Development Bank, Inter-American Development Bank, and the Curtin University of Technology Business School.



in a single database, these platforms facilitate the review and analysis of information to identify, investigate, and impose sanctions on public officers engaging in corrupt practices like bribery or illicit enrichment, or demonstrating conflict of interest.

Citizens and civil society groups can also make use of this information. For example, in the case of Argentina, citizens can request and monitor public officials' declarations of personal assets to exact accountability.

### Argentina's Public Disclosure Platform

The government of Argentina launched its electronic platform for disclosing public officials' personal assets in 2000. This platform allows the 36,000 public officials working at the federal level to submit their yearly declarations electronically.

Two bodies are in charge of verifying these declarations to identify and sanction corruption. First, the Asset Declaration Unit (ADU) reviews the veracity of a sample of 7% of those declarations, including the ones from the top 5% of senior officials, to detect illicit enrichment or conflicts of interests. Then the Investigations Department investigates cases for which irregularities were detected.

The level of compliance of public servants is high (96%). It is also worth noting that the Argentinean government has privileged transparency and access to information in public officials' assets. Citizens can get officials' public asset declarations (private information is deleted from them) from the ADU, thereby allowing civil society to monitor public officials' behaviour over time.

Source: Burdescu, R. et al. 2009. [Income and Asset Declarations: Tools and Trade-offs](#). World Bank and the Stolen Asset Recovery Initiative of the United Nations Office of Drugs and Crimes (UNODC).

### OUTCOMES OF ASSET DISCLOSURE PLATFORMS

- In Argentina, the number of disclosure requests from media, non-governmental organisations and even public officials monitoring this information increased from 66 to 823 since the introduction of the platform in 2000. Individuals in Mexico and Brazil are also obtaining electronic financial disclosure reports of public officials.<sup>9</sup>
- The level of public officials' compliance with this legal obligation has increased from 67% to 96% in Argentina since the electronic platform was first introduced.<sup>10</sup>
- Public officials who do not submit their declaration or who engage in corruption are being investigated. In the first half of 2011, Argentina's Investigations Department carried forward 10 investigations of illicit enrichment and 58 of non-compliance with the disclosure of personal assets obligation.<sup>11</sup>

### CHALLENGES IN E-PROCUREMENT AND ASSET DISCLOSURE PLATFORMS

What have been some of the challenges Latin American countries have faced in effectively using their e-procurement and asset disclosure platforms?

The weak rule of law present in many Latin American countries challenges the effectiveness of these practices. For example,

corruption acts can be detected, but weak enforcement capacities from the judiciary or control agencies may prevent public officials from being sanctioned or convicted.

Indeed, governments may not always be willing to provide timely or relevant information on procurement or public officials' personal assets to citizens, precisely because it makes them vulnerable to detection.

E-procurement and public disclosure of personal assets platforms are one strategy for reducing corruption, but cultural practices in the region persist. For example, enterprises participating in the procurement process tend to give presents to public officers to persuade them to award them public contracts. Public officers might also award contracts to their friends or family and not to the supplier with the best proposal. Therefore, there is a need to implement complimentary interventions to address and tackle these cultural practices.<sup>12</sup>

Not all governments implementing these platforms have established monitoring and evaluation (M&E) systems, thereby limiting the assessment of their impact in reducing corruption. To a large extent, M&E systems are absent because most of these platforms are at an early stage of implementation and because many Latin American governments are not used to having to report outcomes and impact.

<sup>9</sup> Burdescu, R. et al. 2009. [Income and Asset Declarations: Tools and Trade-offs](#). World Bank and the Stolen Asset Recovery Initiative of the United Nations Office of Drugs and Crimes (UNODC); Raille, E. 2004. [Managing Conflicts of Interest in the Americas: A Comparative Review](#). Paper presented at the OECD-ADB Forum on Implementing Conflict of Interest Policies in the Public Service, Rio de Janeiro, Brazil 2004.

<sup>10</sup> Burdescu, R. et al. 2009, above n 9.

<sup>11</sup> Argentinean Anticorruption Office. 2011. [Six Month Activities Report](#). Ministry of Justice and Human Rights, Buenos Aires.

<sup>12</sup> Multilateral Development Bank International Survey of E-procurement Systems 2007, above n 8.



# CONTEXTUAL FACTORS

# ENABLING LATIN AMERICA'S SUCCESSES



International and regional organisations such as the United Nations (UN), through its [UN Procurement Capacity Development Centre](#) and its [UN Office of Drugs and Crimes](#), the [World Bank](#), the [U4 Anti-Corruption Resource Centre](#), and the [Inter-American Network on Government Procurement](#) have provided technical and financial support to countries implementing these platforms, thereby promoting their adoption.

Interregional co-operation and binding mechanisms have also been crucial for promoting the adoption of these practices. Some of these are the Inter-American Convention Against Corruption, IACAC (1996), United Nations Convention against Corruption, UNAC (2000), and the Ibero-American Charter for the Public Service (2003).

Political will and leadership has preceded the implementation of the platforms. In all the successful cases, the platforms were considered priority by governments that made them an important element of their anti-corruption and integrity strategy. These governments guaranteed funding and technical and human resources for the platforms' design and implementation.

Strengthening the institutional and technical capacities of those agencies implementing these platforms or monitoring the information gathered through them was crucial. Training and awareness-building of personnel, hiring new staff and adopting

new technologies were among the actions undertaken to increase institutional and technical capacities.

In particular, ICTs' advancements have boosted Latin American governments' capacity to develop and use tools to enhance transparency and access to information to reduce corruption, and at a low cost.

Enacting and modifying laws about transparency, anticorruption, public ethics and government procurement in countries such as Argentina, Brazil and Chile has provided a strong and coherent legal framework to support these e-platforms. For example, legal changes mandated that government officials comply by actually using the new platforms.<sup>13</sup>

The democratisation process that most Latin American countries experienced gave greater voice to civil society, the media and the private sector, who demanded greater attention to corruption and accountability issues. Their pressure gave governments an incentive to reduce corruption.

Civil society and the media have had the expertise and willingness to monitor and analyse information to identify and highlight corruption. The governments of Argentina and Colombia have even provided capacity building to CSOs for enhancing their oversight abilities, empowering them to demand greater accountability and identify corrupt acts.<sup>14</sup>

<sup>13</sup> Ibid.

<sup>14</sup> Burdescu, R. *et al.* 2009, above n 9.

## LESSONS LEARNED

- 1 Enhancing transparency and access to information in sensitive areas such as procurement, or about public officials' personal assets can help reduce corruption and increase integrity in the public sector.
- 2 Civil society monitoring of procurement and public officials' personal assets information can contribute to identifying and highlighting corruption, increasing accountability.
- 3 Political will to strengthen public agencies' technical, institutional, and financial capacities increases the chances of these transparency practices being successful and sustainable.
- 4 Perceived high costs of tackling corruption can be handled. Taking advantage of technological advancements and having an innovative approach to corruption can make it possible to find effective and efficient mechanisms to reduce it.
- 5 Fostering the rule of law, increasing citizen participation and better government accountability enhanced the chance of these practices being successful at reducing corruption.

### CONTACT [FUNDAR](#)

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