

ARGENTINA – TRANSPARENT CONTRACTING

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Name of Project: Programme for Transparent Contracting

Project Time-Frame: 1999 - 2000

Budget: US\$ 6,000

Partners / Sponsors: Ashoka Foundation

Programme for Transparent Contracting

Concept

As part of a more comprehensive Integrity System for Local Governments, TI Argentina (Poder Ciudadano) has developed a mechanism for rendering public procurement more transparent. Based on the analysis that most problems in public procurement stem from the fact that public officials have large powers of discretion in designing and awarding public contracts and that other interested parties lack access to crucial information, Poder Ciudadano proposes a programme with two main components: Public Hearings and Integrity Pacts.

The strategy to implement the Programme for Transparent Contracting contains the following steps:

1. Select a municipality willing to implement the programme. To this end, send a project proposal to municipal governments and identify those with a strong willingness to implement reforms.
2. Conclude a cooperation agreement with one or more sincerely interested municipalities to implement the Programme for Transparent Contracting.
3. Cooperate with the municipality in conducting a public hearing about the bidding documents. If the municipality has no experience in organising such meetings, TI provides training and advice to government officials. Otherwise, TI concentrates on a monitoring role, ensuring that the hearing fulfils the following formal requirements:
 - The hearing take place before the bidding documents are finalised and before the bidding process begins.
 - The hearings are appropriately advertised in the local media.

- The invitations to the hearing are distributed more than 30 days prior to the event.
 - The draft bidding documents are available to participants in advance.
4. During the public hearing, citizens, bidders, officials and – if possible – independent technical, legal and economic experts discuss the draft bidding documents and have the chance to propose amendments.
 5. Within a short time after the hearing, the municipality publishes the final bidding documents, including the reasons for incorporating or rejecting proposed amendments.
 6. The municipality and all interested bidders sign an integrity pact, containing reciprocal commitments not to bribe and not to accept bribes, outlining sanctions and giving civil society a role in monitoring the bid evaluation, award decision process and the implementation of the contract.
 7. TI monitors the bid evaluation, award decision process and the implementation of the contract.
 8. Follow-up projects with the municipality are designed and other municipalities are invited to participate.

Implementation: Moron

Poder Ciudadano has implemented the Programme for Transparent Contracting in cooperation with the municipalities of Buenos Aires (for the construction of a new subway line, Linea H), Avellaneda (for the feasibility of the construction of a bridge) and Moron (for a public procurement contract concerning waste collection). As the programme was applied most comprehensively in Moron, this case study focuses on the case of Moron.

Moron was chosen by Poder Ciudadano as a partner for implementing the pilot programme, because the new political leadership of the city undertook active reform efforts and responded very positively to Poder Ciudadano's offer to implement the transparent contracting programme.

In March 2000, the municipal government of Moron and Poder Ciudadano signed an agreement of cooperation to implement the Programme for Transparent Contracting for the municipal waste collection services. The contract had a value of 32 million US\$, or 10% of the city's budget and would last a minimum of four years.

On June 15, 2000, the Mayor of Moron convened an extraordinary session of the City Council to discuss the draft bidding documents with interested citizens and potential bidders. Monitored by Poder Ciudadano, the meeting was announced in various important newspapers, as well as the local radio and TV station, participants were invited

more than 30 days prior to the event, the draft documents had been made available online at www.moron.gov.ar and in print and a local group of independent experts was invited.

Almost 500 people participated in the meeting and over 60 comments were submitted concerning the draft bidding document. Ten days after the meeting, the municipality published the revised version of the bidding documents as well as the reasons for accepting or rejecting proposed amendments. Especially suggestions to include more objective criteria for the award decision and to focus regulations on outputs rather than inputs were incorporated in the new document.

In September 2000, the Mayor and all interested bidders signed an integrity pact. Poder Ciudadano monitored the award decision and the municipality published the reasoning behind the decision.

Lessons and Recommendations

Poder Ciudadano clearly rated the experience in Moron as a success:

- Civil participation was very encouraging.
- The cooperation of the municipal authorities was excellent.
- As a result of the public hearing, the bidding documents were revised substantially.
- The terms of the contracts were improved so that the cost for the municipality could be reduced by 30%.
- In a recent independent opinion poll, 80% of the citizens have expressed their satisfaction with the refuse collection service.
- Poder Ciudadano conducts public hearings in two other municipalities that have expressed their interest following the experience in Moron.
- Poder Ciudadano was invited by the World Bank Institute to present the experience of Moron in the context of the "Participative and Open Government Programme", which gathers more than 1.200 mayors from Latin America.

Among the factors that explain the success of the initiative are:

- The willingness of the local authorities to cooperate. In Moron, a new mayor had just taken office, whose priority was to curb corruption and improve the delivery of services. In that situation, TI was a welcome partner to provide expert advice and lend credibility to the municipality's anti-corruption efforts.
- At the same time, the citizens were highly aware of the previous problems of the municipality, they elected the new mayor on his anti-corruption election platform and were therefore interested in the implementation of anti-corruption strategies.

- The high level of civil participation can also be explained by the fact that the public hearings took place very early in the bidding process. Thus, interested citizens and contractors could influence the actual design of the bidding documents.
- Finally, the service chosen for the implementation of the pilot project was very important for the municipality. The high value of the contract ensured interest by both citizens and contractors.