



## ► São Paulo Public Procurement in Brazil

This document is part of a series of case studies by the Enterprises Department of the ILO. Each case study presents one or several approaches that contribute to enterprise formalization across the world. The case studies provide a snapshot on a particular initiative and may not be exhaustive.

### AT A GLANCE

**Name:** São Paulo Public Procurement / Compras Públicas SP

**Short description:** Compras Públicas SP is the result of a partnership between a private non-profit organization, SEBRAE, and the Government's Public Procurement Portal. Its objective is to promote public market opportunities for micro and small enterprises (MSEs). Through the Portal's website and mobile app, MSEs can register and access geo-referenced public procurement opportunities. When registering, the bidding MSE has to be up to date with respective documentation requirements which indirectly encourages formalization.

**Technology:** Website and app

**Country/  
region:** Brazil

**Link to enterprise formalization:** Indirect (through enhanced access to new markets/ market linkages and registration requirements to enter bidding process)

This case study shows how technological innovations may contribute to the formalization of economic units and their workers. Coined [e-formality](#), the ILO has developed a theoretical framework for different public policies and technological applications that support transitions to formality.



## 1. What is the initiative and what does it aim to achieve?

São Paulo Public Procurement is the local branch of the Public Procurement Portal, a national platform developed by the private sector to digitize public procurement. The initiative is spearheaded by the São Paulo branch of SEBRAE, the Brazilian Micro and Small Business Support Service, to support the use of the Public Procurement Portal by micro, small and medium enterprises in the State of São Paulo.

The Public Procurement Portal is a website that aims to digitize Brazilian municipal governments' procurement processes through the creation of an electronic bidding system. It is a 'govtech'

initiative,<sup>1</sup> using technology to make public management more efficient. The platform allows municipalities to manage bidding procedures for the acquisition of common goods and services, in accordance with the relevant legislation.<sup>2</sup>

São Paulo Public Procurement ('Compras Públicas SP') is an app that allows micro, small and medium-sized enterprises (MSMEs) based in the State of São Paulo to access the Public Procurement Portal. MSMEs registered through the app receive notifications via email and mobile when a bidding process is launched in their region (as identified by GPS location services).

## 2. What is the institutional framework?

The Public Procurement Portal was created in 2016 by a private sector company. In 2020, the company received an investment of BRL 2.5 million (roughly US\$ 0.5 million) from the *Brasil Central* venture fund, managed by *Cedro Capital*. The São Paulo Public Procurement app was created in August 2020 as the result of an agreement between the Public Procurement Portal and SEBRAE-SP.



1 A GovTech is a company or technological solution intended to digitize government processes and services.  
2 Federal law 10.520/2002; federal law 8.666/1993 and its subsequent amendments; complementary law 123; and federal decree 10.024/2019.

## 2. How does the initiative work?

The Public Procurement Portal simplifies the transaction process for public procurement authorities and suppliers. It makes specific features available for each stage of the procurement process, providing autonomy to the managers of government procurement departments and transparency and predictability for suppliers. All actions performed by the municipal authorities, as well as document attachments, are shown in the platform. APIs (see box) allow for the integration of municipal IT systems and suppliers' own IT systems.

One of the positive impacts of the platform is that it has created the conditions for competition between small businesses and large ones, by lowering the cost of participating in procurement processes. It has also operationalized the preference that must be given to SMEs in public procurement processes, which is provided for in the law but not always observed in practice.

Suppliers have to pay a fee to use the national-level Public Procurement Portal to participate in the public procurement processes (one-month fee: US\$ 23.45; monthly fee for six months subscription: US\$ 16.65; monthly fee for a one-year subscription: US\$ 14.40). However, interested enterprises can use the platform to receive notifications of upcoming public

tenders free-of-charge, and participate in the bidding process offline. Access to all features of the platform is free to the buyers of the goods and services that are subject to the bidding process (i.e. to the municipalities).

For SMEs based in São Paulo and using the app São Paulo Public Procurement ('Compras Públicas SP'), access to the Public Procurement Portal is free of charge, thanks to the partnership between the Public Procurement Portal and SEBRAE-SP. The app can be downloaded from Google Play or the App Store.

### ► Application Programming Interfaces (API)

The technology of the platform relies on Application Programming Interfaces (API). APIs allow for the integration of systems developed by different institutions. The APIs of the Public Procurement Portal can be integrated with municipalities' internal management systems, allowing the municipalities to conduct integrated bidding processes from end to end. It also allows suppliers to have real-time access to public information and to monitor the bidding processes, thus increasing transparency and accountability.

### 3. What has been achieved?

The Public Procurement Portal is used by 1,500 municipalities, 27 per cent of the 5,570 Brazilian municipalities. It is present in 24 states, including three municipal capitals - Porto Alegre (capital of Rio Grande do Sul), Vitória (capital of Espírito Santo) and Palmas (capital of Tocantins).

The São Paulo Public Procurement app is in its first year of operation. The results of the first two months after its implementation shows that 11 per cent of the 645 municipalities of the state had already registered to use the digital tools. Moreover, over 450 public managers had been trained (through e-learning) by September 2020. By supporting local micro, small and medium enterprises to access the Public Procurement Portal for free, SEBRAE-SP has created an incentive for informal businesses to become legal entities and effectively benefit from public procurement.

### 3. References

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Please contact us in case you have any comments or questions with respect to this case study.



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