

The procurement of ICTs has traditionally been a challenge within the public sector due to the ever changing nature of the products and services involved and the technical knowledge required to develop good terms of reference. The capacity to appropriately procure ICT-related products and services has a significant effect on the progress of e-government, making it of utmost importance for governments to have a strategic approach to the purchase of technology.

According to the survey responses, 61% of LAC countries have a clearly defined strategy for the procurement of ICTs, a slightly lower share than OECD countries where it reaches 68%. Some countries in the region, such as Chile or Brazil, have been pioneers in the area of public procurement and consequently grant strategic importance to the procurement of technology-related products and services. Other countries that recently modernised their government procurement legal and institutional framework such as Colombia or Uruguay have recognised the importance of ICTs procurement and established the conditions for its development. Less advanced countries in the adoption of ICTs, such as Guatemala or Nicaragua, have set up procurement strategies for ICTs in an attempt to close the gap with leading countries in the region. Chile is the only LAC country that reported that the ICTs procurement strategy covers sub-national levels of government. The share of countries where this is the case is also low in OECD countries, at 12%. Within the LAC region the most common pattern, found in 57% of countries with procurement strategies, is that those are applied across the central government. In the case of OECD countries, this figure reaches slightly more than 75%.

In addition to economic considerations a procurement process could incorporate secondary policy objectives (e.g. green procurement). This often entails finding the right balance between looking for economies of scale and keeping procurement opportunities open to as many potential competitors as possible, in particular small and medium enterprises. While costs can be reduced by aggregating as many purchases as possible, if the contract becomes too big the number of potential suppliers able to deliver will be significantly reduced. Consequently, governments looking at promoting competition and offering business opportunities to local companies could limit the size of their purchases. According to the survey answers, when procuring ICT products, 56% of LAC countries give priority to economies of scale while 44% prioritise competition. Not surprisingly, small countries (e.g. Honduras, Guatemala, El Salvador) tend to give priority

to competition as means of providing opportunities to small firms that would otherwise find it hard to participate in the market.

In addition, the procurement of software can be a powerful policy tool. For instance, sometimes through legal mechanisms, or by operational means, procurement processes have been used to promote the use of open source software within the public administration. Brazil and Bolivia are examples of countries where legislation has significantly restricted the use of proprietary software by government organisations. However, the majority of countries in LAC maintain a more open view as 65% of them indicate that the purchase of software is prioritised over in-house development, while the remaining 35% prioritize the opposite.

#### Methodology and definitions

Data are derived from the 2015 OECD-IDB Survey on Digital Government Performance. The survey collected responses from 22 LAC countries as well as Grenada. Respondents were predominantly chief information officers or their equivalent at central government.

Public procurement is defined as the purchase of goods and services by governments and state-owned enterprises. It encompasses a sequence of related activities starting with the assessment of needs through awards to contract management and final payment.

Procurement savings are measured annually and indicate the difference in cost of acquiring ICT goods or services. Savings can be the result of strategies or programmes managed by entities responsible for ICT procurement in the public sector, including practices such as standardising, pooling purchasing power, increasing transparency, however, external factors can also play a significant role to the size of such savings.

#### Further reading

- Government of Queensland (2016), "Buying and selling ICT", [www.qld.gov.au/dsiti/gov-ict/buying-selling-ict/](http://www.qld.gov.au/dsiti/gov-ict/buying-selling-ict/).
- Hon, D. (2016), "How governments buy technology", Code for America, <https://www.codeforamerica.org/how-tos/government-technology-procurement>.

#### Figure notes

- 8.7 and 8.8: Each of the categories aggregates the answer choices completely and mainly.

## 8.6. Existence and scope of a procurement strategy covering ICT, 2015

Country	Procurement strategy for ICT	Scope of the strategy		
		Within selected line ministries	Across the central government	Across different levels of government
Argentina	●	●	○	○
Bahamas	●	○	○	○
Belize	○	x	x	x
Brazil	●	●	●	○
Chile	●	○	○	●
Colombia	●	●	●	○
Costa Rica	○	x	x	x
Dominican Republic	○	x	x	x
Ecuador	●	●	●	○
El Salvador	○	x	x	x
Grenada	○	x	x	x
Guatemala	●	○	○	○
Haiti	●	●	●	○
Honduras	○	x	x	x
Jamaica	○	x	x	x
Mexico	●	○	●	○
Nicaragua	●	●	○	○
Panama	●	○	●	○
Paraguay	●	●	○	○
Peru	○	x	x	x
Suriname	○	x	x	x
Trinidad and Tobago	●	○	●	○
Uruguay	●	○	●	○
<b>LAC total</b>				
●	14	7	8	1
○	9	7	6	13
x	0	9	9	9
<b>OECD total</b>				
●	17	5	13	3
○	8	12	4	14
x	0	8	8	8

Key:

● Yes

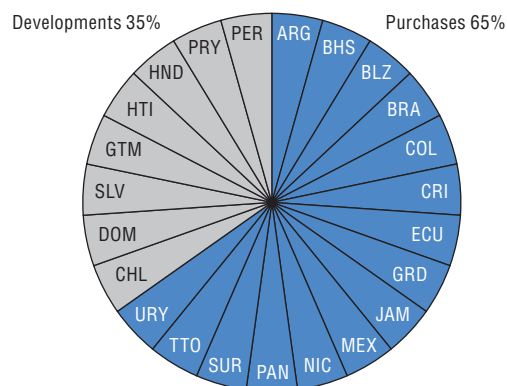
○ No

x Non applicable.


Source: OECD (2015) survey on digital government performance.

StatLink  <http://dx.doi.org/10.1787/888933431830>

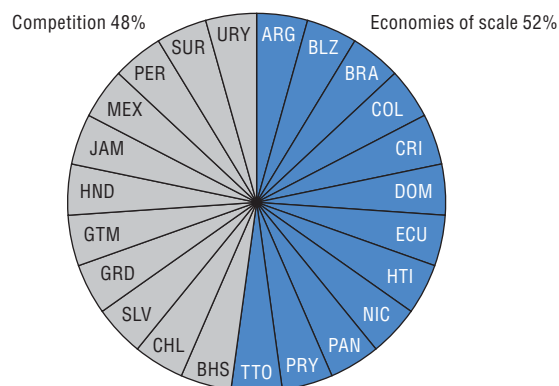
## 8.7. Reported priority of the ICT procurement approach between purchases and developments (2015)




Source: OECD (2015) survey on digital government performance.

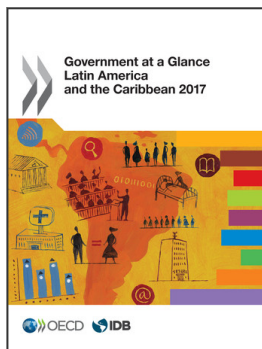
StatLink  <http://dx.doi.org/10.1787/888933431441>

## 8.8. Reported priority of the ICT procurement approach between competition and economies of scale (2015)



Source: OECD (2015) survey on digital government performance.

StatLink  <http://dx.doi.org/10.1787/888933431459>



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