Executive summary

Main findings

In OECD countries, public procurement has become a tool for delivering quality public services. The volume of resources spent in public procurement leads to risks related to inefficiencies, for example, stemming from insufficient competition, but also to opportunities to pursue complementary policy objectives such as facilitating the digital transformation of the public sector. Despite the evident synergies between public procurement and digital government policies, Latin American countries are not alone in facing the challenge of developing procurement policies for information and communication technology (ICT).

One of the main challenges in procuring computers and other ICT is ensuring technological neutrality, which means that government agencies should not favour any particular brand or technology. In this report, the term is used indistinctly from vendor neutrality in the sense that the challenge is to prevent a public institution from becoming unduly dependent on a single brand or supplier beyond the timeframe of the initial procurement contract, which can damage competition for future procurement.

The three countries under analysis in this report – Chile, Colombia and Mexico – have set up institutions and strategies to harness the synergies between public procurement and digital government policies. In Chile, for example, Law No. 21.180 (Law on Digital Transformation) introduced changes to the fundamentals of administrative processes to promote their digital transition and facilitate more accessible, simple and agile services for citizens. In Colombia, the Digital Government Policy (*Politica de Gobierno Digital*, PGD) is the national policy for the digital transformation of the public sector and for strengthening the relationship between citizens and the state by improving service delivery and building trust. Decree 767/2022 establishes general guidelines for the PGD. In Mexico, the National Digital Strategy 2021-2024 (*Estrategia Digital Nacional*, EDN) describes the actions to be undertaken by the federal government to enable the efficient, democratic and inclusive use and development of ICT.

In Chile, co-ordinated purchasing is the main procedure used by government buyers to purchase or lease computers. There is also a framework agreement to purchase laptops and desktops available in the framework agreement catalogue and not covered by co-ordinated purchasing. A clause has been incorporated in the award process for the fourth version of the co-ordinated purchase, which requires at least three new brands to be awarded. This condition has allowed greater access to new brands.

Colombia Compra Eficiente (CCE) established a framework agreement to procure computers and accessories, which includes purchasing and leasing. However, given that the procurement plan and the national budget are laid out on a yearly basis, there are disincentives for leasing or device-as-a-service (DaaS) schemes. The framework agreement adopted a regionalisation strategy to attract SME participation and a diversity of brands. It was segmented into six regions (1 national and 5 regional), using more than 20 lots for the different types of computers and accessories. The strategy is supported by the Virtual Store of the Colombian State (*Tienda Virtual del Estado Colombiano*, TVEC) and its catalogue, which is designed to address the different needs of the contracting entities.

In Mexico, even though the regulatory framework allows for consolidated procedures, only a framework agreement was drafted for leasing computing equipment, and this is also the preferred tool for other ICT procurement. Two tools support the strategy: the e-procurement platform CompraNet and the virtual store. The framework agreement for leasing computers establishes requisites and technical specifications that suppliers should meet, and contracting entities cannot require additional specifications. The decision to favour leasing was made to avoid obsolescence in equipment and disposal procedures and costs.

Market engagement is relatively weak in Latin America. Chile and Colombia organise major events for that purpose: ExpoMercado Público and Colombia 4.0 respectively. However, ample opportunities exist to diversify engagement channels to favour a constructive and transparent dialogue between public procurers and the computer industry.

Recommendations

Drawing on the experiences of Chile, Colombia and Mexico, this report provides lessons on areas of opportunity and recommendations to tackle them and promote a competitive environment and value for money in the procurement of computing equipment and robust practices, building a constructive relationship between the public and private sectors in Latin America:

- Governments should recognise the strategic nature of public procurement. Specifically, the
 procurement of computers can support the provision of seamless public services, the
 modernisation of public institutions and the connectivity of marginalised regions.
- It is important to build the capacities of the procurement workforces in Latin America to effectively tackle challenges such as vendor lock-in.
- Contracting authorities should seek to realise value for money and allow experimentation and risk taking to favour innovation and dynamic approaches.
- Contracting authorities should avoid using brand names when procuring computers and favour the
 use of technical standards and benchmarks to allow comparisons of the performance of computers
 and their components.
- Contracting authorities should strengthen market research and engagement practices to create a level playing field for all computer suppliers and understand lock-in risks.
- Chile's experience indicates that other mechanisms, beyond framework agreements, can also lead
 to significant benefits. Hence, contracting authorities may carry out co-ordinated procurement
 processes and assess the value for money realised.
- Contracting authorities could pilot dynamic purchasing systems (DPS) for the procurement of computers to allow for wider supplier participation and the dynamic incorporation of innovations.
- Given the lack of experience with life cycle costing (LCC) in Latin America, procurement authorities should take a phased approach to implementation, with the first phase focusing on developing practices and methodologies by providing support structures.
- The decision to purchase or lease computers should be based on evidence and cost-benefit analysis, according to each procedure's conditions and the market's capacities.
- Contracting authorities can develop user profiles to advance standardisation while also incorporating the flexibility specific users need.
- Procurement authorities in Latin America should promote the review of their respective regulatory frameworks to provide greater flexibility for market engagement while establishing proportionate measures to control the risks entailed by this activity.



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