10. Chile

10.1. SMEs in the national economy

The generally accepted definition of SMEs in Chile is based on the annual turnover criterion set forth by Law 20 416 that establishes special rules for SMEs. The number of employees is not taken into account in the definition.

In Chile, SMEs account for the majority of the total number of enterprises. In 2014, 98.5% of firms were classified as SMEs, including employer and non-employer firms in all industries. Micro-enterprises made up 75% of the total number of firms, whereas small and medium-sized businesses accounted for 20.7% and 3.1%, respectively. Although SMEs represent almost all of the enterprises, they only account for about 16% of the total amount of annual sales. According to the statistics of the Internal Revenue Service (Servicio de Impuestos Internos, SII) SMEs accounted for 45% of the payroll of Chilean firms in the commercial year 2014.

Table 10.1. Firm distribution in Chile, 2014

<table>
<thead>
<tr>
<th>Firm size (annual turnover)</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>All enterprises</td>
<td>867 863</td>
<td>100</td>
</tr>
<tr>
<td>SMEs (up to UF 100 000)</td>
<td>854 539</td>
<td>98.46</td>
</tr>
<tr>
<td>Micro (up to UF 2 400)</td>
<td>647 766</td>
<td>74.64</td>
</tr>
<tr>
<td>Small (UF 2 400 to UF 25 000)</td>
<td>179 881</td>
<td>20.73</td>
</tr>
<tr>
<td>Medium (UF 25 000 to UF 100 000)</td>
<td>26 892</td>
<td>3.1</td>
</tr>
<tr>
<td>Large (UF 100 000+)</td>
<td>13 324</td>
<td>1.54</td>
</tr>
</tbody>
</table>

Note: Data include employer and non-employer enterprises in all industries; UF (Unidad de Fomento) is an indexed unit of account incorporating monthly adjustments based on increases in the general level of prices. The UF of 31 July 2016 stood at CLP 26 141. SMEs in Chile are firms with annual sales of up to UF 100 000. Source: (OECD, 2017).

10.2. National policy framework to support SMEs in public procurement

Inclusion of SMEs in public procurement is defined as an objective of the Chilean public procurement system. It is in line with the main principles of the system – including equal participation and the use of public procurement to pursue secondary policy objectives.

Contracting to an SME can be one of the reasons to authorise direct contracting, which could be used when the amount of contracting is under a certain threshold (approximately USD 700) under mandatory justification. Equal opportunities for suppliers of all sizes are further ensured through wide use of e-procurement systems.
Additionally, regulatory change in 2015 introduced the concept of the temporary supplier union—an association of natural and/or legal persons—in order to allow small suppliers to submit an offer in the case of tenders, or to sign a contract in case of direct awarding.

10.3. Implementation mechanisms

Chile continuously engages with SMEs and business associations to reduce barriers to accessing the public procurement market, and actively promotes that market as an attractive business channel. For instance, meetings have been regularly organised with business association representatives and civil society since 2014 to identify and address SME-specific challenges in the public procurement market.

Guidelines and recommendations are provided to procuring entities to improve their performance to improve SME access. On the website of ChileCompra, guidelines on specific topics are also published. Furthermore, training activities are organised on line and through classroom activities for both public procurement officials and suppliers; these are co-ordinated with regional offices.

Inclusion of SMEs in public procurement is part of the “accreditation test”, which is mandatory for every public procurement official. Training for suppliers have two main goals—introducing SMEs to the public procurement system, and improving suppliers’ general performance and their commercial capacities.

10.4. Monitoring performance

The SME support policy in Chile does not set a target on indicators. However, monitoring of SME participation in public procurement market is carried out through the institutional data warehouse of ChileCompra.

**Figure 10.1. SME share in the public procurement market in Chile, 2014-16**

![SME share in the public procurement market in Chile, 2014-16](chart)

Source: Country response to the 2017 OECD survey on strategic use of public procurement to support SMEs.
II. COUNTRY PROFILE

Note

1 Law 20 416 establishes the definition of SMEs according to annual turnover as general rule and the payroll criterion for labour legislation.

Reference
