39. Colombia

39.1. SMEs in the national economy

In Colombia, micro-enterprises and SMEs represent an important part of the economy. According to an ACOPi survey, conducted in the last quarter of 2015, SMEs employ 80.8% of the country’s labour force and contribute to 40% of GDP. However, there exist large differences between medium-sized firms on the one hand and micro and small enterprises on the other. Moreover, informality is common and formalisation is constrained by the family nature of businesses, which are typically limited in their managerial capacity and corporate governance.

In Colombia, micro-enterprises and SMEs (MSMEs) represent an important part of the economy, employing 80.8% of the country’s workforce and contributing 40% to GDP.

<table>
<thead>
<tr>
<th>Firm size (employees)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>All enterprises</td>
<td>100</td>
</tr>
<tr>
<td>SMEs (up to 200)</td>
<td>99.8</td>
</tr>
<tr>
<td>Microenterprise (up to 10)</td>
<td>96.1</td>
</tr>
<tr>
<td>Small (11-50)</td>
<td>3</td>
</tr>
<tr>
<td>Medium (51-200)</td>
<td>0.7</td>
</tr>
<tr>
<td>Large</td>
<td>0.2</td>
</tr>
</tbody>
</table>

**Note**: Classification of MSMEs according to the parameters contained in the Law 905 of 2004. **Source**: (OECD, 2017[11]).

39.2. National policy framework to support SMEs in public procurement

Colombia has a National Policy for Productive Transformation and Promotion of Micro, Small and Medium Enterprises (CONPES 3484 of 2007), which specifically aims at encouraging the use of the domestic market through public procurement.

When developing the SME policies included in CONPES 3484 of 2007, it was found that there are a number of characteristics that limit their participation in the market. These are i) low innovation capacity; ii) limited use of information and communication technologies (ICTs); iii) limited access to adequate financing; iv) problems in marketing their products and obtaining inputs. Based on these findings, a strategy was designed to enhance the participation of SMEs in government purchases.

The Decree 1082 of 2015, compiling regulations related to public procurement, includes provisions that favour SMEs in public procurement. The Decree also establishes some preferences for the national goods, services and offers submitted by SMEs and bidders who accredit at least 10% of their payroll to those in condition of disability. Furthermore, the country’s regulatory framework on public procurement establishes a public procurement process to be limited to micro-enterprises and SMEs when:
1. The amount of the procurement process is lower than USD 125 000.

2. At least three micro, small or medium-sized enterprises express their interest in limiting the process to micro, small and medium-sized enterprises during the time between publication of the prior studies and documents and one business day before the opening of the procurement process.

SME support policy is further reinforced by the Productive Development Policy, which aims at facilitating business so as to promote the internal market. In particular, the policy promotes transformation from the actual production process into diversified and sophisticated productive activities. These in turn can generate growth, added value, technology, and the integration of national suppliers into local market. Additionally, the Productive Development Policy includes increasing awareness among the public administration of the importance of incorporating compliance with technical standards as a requirement for public procurement processes, and calls for scientific and technological development.

39.3. Implementation mechanisms

While there is no specific implementation mechanism for the public procurement policies to support SMEs, they are communicated via the websites of the Ministry of Commerce, Industry and Tourism or Colombia Compra Eficiente (CCE), as well as manuals published on the CCE website. Each public entity is responsible for implementing public procurement policies to support SMEs.

Furthermore, training is available to support the public procurement workforce. In 2012, the Ministry of Commerce, Industry and Tourism signed an agreement with Propaíns, the Institution for the Development of Microenterprises, to provide training and workshops covering public procurement in different regions of Colombia.

39.4. Monitoring performance

In tenders exclusively for them, SMEs have to prove their status with a certificate issued by the legal representative and the fiscal auditor. In other tenders where SME certification is not obligatory, the accountant can certify the SME classification in accordance with the law. When the public entity receives applications from at least three national SMEs, the public entity must limit the call to a national SME.

There is no overall assessment of the effectiveness of public procurement or the effectiveness of using public procurement to support SMEs. However, Colombia Compra Eficiente develops indicators to assess the public procurement system. Among the indicators are value for money, integrity and transparency, and accountability and risk management in the public procurement system. The number of contracts awarded to SMEs is monitored in terms of both number of contracts and value of contracts, as displayed in Figure 39.1.
Figure 39.1. Contracts awarded to SMEs by Colombia Compra Eficiente, 2014-16

Note: The data only include information on the framework agreements submitted by Colombia Compra Eficiente as registered in SECOP and the e-Store (TVEC - Tienda Virtual del Estado Colombiano).

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

Reference
