



ProSME's Newsletter (#7)

Public Procurement in Colombia

February 2023

1 - National Development Plan (PND) 2022-2026: "Colombia, World Power of Life"

On February 7, 2023, the National Development Plan (PND) 2022-2026 bill was submitted to the Congress of the Republic, "**Colombia, World Power of Life**", which defines the plans and programs that the National Government expects to fulfill in the next four years.

In accordance with the Constitution of Colombia, **the PND is the formal and legal instrument through which the goals of the Government are outlined and contains a general section and an investment plan for national public entities.** Its preparation, dissemination, evaluation and monitoring are the direct responsibility of the National Planning Department.

The foundation of the PND was structured around five fundamental axes: **territorial zoning around water and environmental justice; human security and social justice; the human right to food; internationalization, productive transformation for life and climate action; and regional convergence.**

The document includes an **ambitious environmental and social agenda oriented towards progress on issues of climate change, productive transformation, energy transition and sustainability, and social impact, where a public investment of 209 billion EUR is projected for the next four-year period.** This investment is expected to finance the construction of infrastructure to support the productive transformation, the energy transition, the tertiary road network, social housing, as well as greater connectivity, mainly in rural areas, and greater investment in science and technology.

Under the PND axes, and in accordance with the Government's proposal, **public investment in developing a countercyclical economic policy will serve as a multiplier for private investment,** to the extent that said private investment is aligned with or can meet certain fundamental axes in the government agenda.

In this scenario, public investment is expected to be higher than historical averages and some of the Government's investment approaches, where greater dynamics in private investment are also expected, will focus on **developing a Comprehensive Plan to Expand Digital Connectivity** to democratize internet access and quality ICT services, and broad coverage to be achieved; in **consolidating Strategic Public Transport Systems (SPTS)** with clean technologies and with differential fee programs that consider user payment capacity and, in **developing the regional and social infrastructure network and public urban and regional transport systems** that promote inclusive social development. Likewise, as described in the document, the Government commit to implementing financing programs for public transport systems and will **strengthen the mechanisms for local authorities to structure, adopt, and implement new**



sources of payment and financing to achieve sustainability, financing these systems and starting SPTS operations.

Another line of action under the PND that may be attractive to business owners pertains to agricultural production, where **incorporating science and technology is intended to improve the productivity and competitiveness of the agricultural sector**. On this front, the goal will also be to **consolidate the competitive exportable and high-quality agricultural supply** to efficiently meet foreign market demand. To achieve this goal, the Government seeks to **intensify productive clusters and products with Controlled Designation of Origin** for sustainable and inclusive territorial development. Likewise, to lower dependence on international markets for agricultural inputs, the PND promotes **strengthening the domestic bio-inputs and bio-products industry and the domestic production of fertilizers** (potassium salts, ammonium phosphate salts, green ammonia, urea). Also noteworthy in this regard is the goal to **develop a regional and social infrastructure network, based on road, sea, and river corridors, air services and logistics nodes**.

The **transition to the use of clean and renewable energy**, as well as **developing productive processes with a lower environmental impact**, are other foundational axes under the published PND. Thus, the role of energy as a fundamental link in the economic structure of our productive, social, and environmental system, and progress in renewable energy becomes an opportunity to attract investments to the country.

Lastly, **tourism is a strategic activity for national economic development** because of its dynamism, its ability to stimulate the growth of various sectors of the economy, to attract private investment, its importance in attracting foreign currency, and serving as dynamic support for more equitable social and regional development and also appears in the PND.

2 - Pluriannual Investment Plan 2023-2026

To implement the PND, **budgetary efforts are needed, and are reflected in the Pluriannual Investment Plan (PPI)**. The PPI contains the projection for sources of financing available to execute the goals outlined in the National Development Plan (PND) 2022-2026.

The definition of sources of finance is based on **identifying the types of resources** that can contribute to the goals outlined in the PND, **in accordance with the established strategies and goals**. Once the sources of finance have been determined, the estimated period for the plan will be made based on the budget terms contained therein. For this plan, the terms will be 2023, 2024, 2025, and 2026.

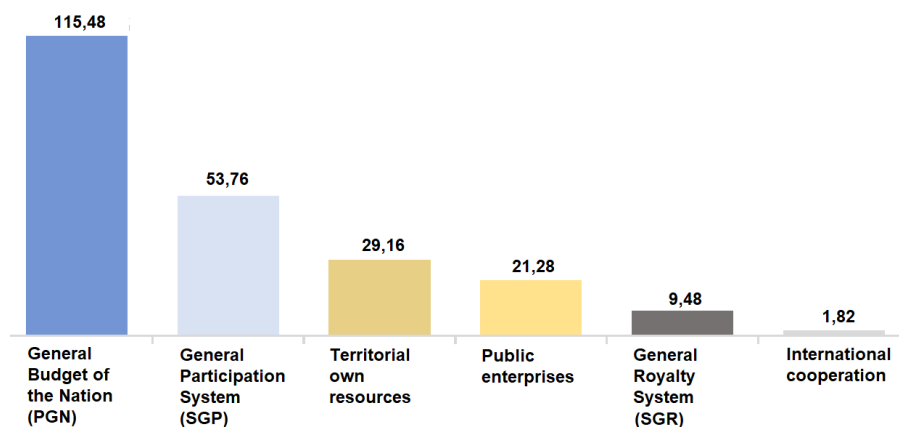
Using the **sources of finance will be determined by conducting five transformations defined in the PND**, which are done through investment programs and projects that are executed to meet the goals established in the PND and **create greater economic and social development**.

In general, since the PPI is an indicative exercise, **materializing the planned programs and projects will depend on resource prioritization and allocation** by the sectors in the budget programming for each year.

Under this first structure of the PPI, a concurrence of **public investments worth 231 billion EUR** is estimated (at constant 2022 prices).

Additionally, it is estimated that the public investments identified in this PPI leverage **private investment during 2023-2026 in the amount of 190 billion EUR** (at constant 2022 prices) and it is expected that part of these resources will promote fulfilling social goals together with the National government.

Graph: Sources that finance the PND 2022-2026 in billion EUR (total PPI 231 billion EUR)



Regarding the intended indicative uses, firstly there is **transforming human security and social justice** that ensures human dignity, the exercise of freedoms, and developing the capacity needed for people and households to follow their life plan. For this purpose, the preliminary projected amount is 148.84 Billion EUR (64%).

Second is **transforming regional convergence**, which is the process of reducing social and economic gaps between households and regions in the country, which is achieved by ensuring suitable access to opportunities, goods, and services in all territories for all people. The projected preliminary amount is 27.3 Billion EUR (12%).

Third is **productive transformation**, internationalization, and climate action, which is oriented towards diversified productive activities that leverage biodiversity and ecosystem services that are intensive in knowledge and innovation, that respect and ensure human rights, and that contribute to building resilience to climate shocks. The projected resources amount to 22.86 Billion EUR (10%).

Fourth, **transforming the human right to food** seeks adequate food for all people and enables them to lead an active and healthy lifestyle, has preliminarily resources that amount to 9.48 billion EUR (4%).

Fifth is **transforming land use planning around water and environmental justice**, which plays a key role in engaging the remaining transformations, since a comprehensive view of the territory provides for a broad view of collective challenges. The estimated resources amount to 5.7 Billion EUR (2%) for the specific commitments under this transformation.

Additionally, there is a macroeconomic closure where common efforts are estimated for the plan's commitments, with indicative resources in the amount of 16.78 Billion EUR (7%).

3 - "Colombia, a window of opportunity"

On February 14, the webinar: "Colombia, a window of opportunity" was held under ProSME, a project co-financed by the European Commission. The activity is managed in a consortium by **Basque Trade & Investment, Business France, and its Walloon counterpart, AWEX-Wallonia Export & Investment Agency**. This initiative aims to increase the number of European companies that apply to international public tenders outside the EU.

The webinar presented the next business mission to Colombia, which will be held from **May 8 to 12 in Bogotá**. The mission is focused on the key sectors of **Infrastructure, Energy, and Environment** and its purpose is to **provide participating companies with information on business opportunities in the field of public tenders, and the possibility of holding bilateral meetings with bidding institutions and local companies to explore ways of collaboration**.

The online session was chaired by María Ángeles Guerra, Business Manager of the Basque Government Delegation in Colombia, who introduced the entities in charge of introducing ProSME and the country's development plans with the recent change in administration, as well as the pipeline for the most relevant domestic projects.

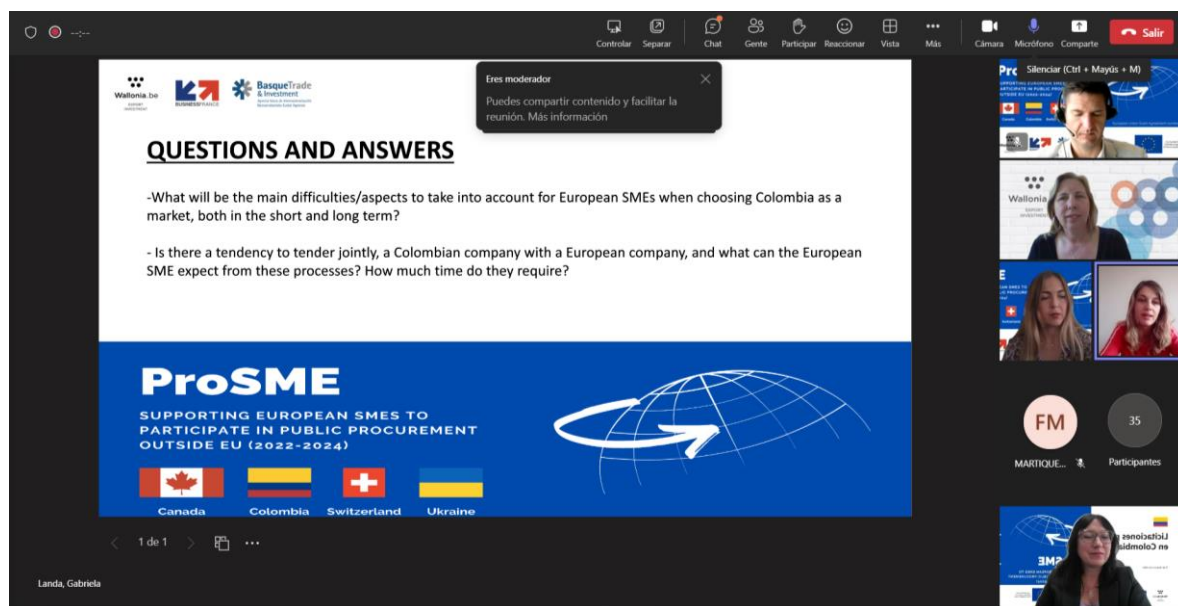
Alberto Gavin, the ProSME Deputy Coordinator from Basque Trade & Investment, explained the logic behind why Colombia represents a market of interest for European SMEs and was selected for the project, having conducted exhaustive public procurement market research under a Free Trade Agreement framework with the European Union. In addition, the registration link to the project's website was forwarded to all attendees, so they are informed of upcoming events, can network with local partners, and can find 10 free E-learning modules on "How to bid efficiently on an international invitation to tender".

Once the context was established, Gonzalo Vargas, the Investment Manager for Europe from ProColombia, described the current business environment in Colombia, highlighting its competitive infrastructure to connect the country's business to the world and the commitment to lead the energy transition process supporting the arrival of sustainable investments. These declarations were supported by success stories that European businesses' have seen in diverse national projects.

Having acquired essential information on the current business environment and the willingness of European enterprises to tender in Colombia in the past, Mónica Sánchez, Investment Promotion Manager from Invest in Bogotá, focused her speech on the flagship projects in Bogotá. Presentations included the 2nd line of Bogotá's Metro, the Engatiba Hospital, the Medio Milenio cycle path, and the North Regiotram, alongside each project's bidding institution, status, and contract requirements. Moreover, Invest in Bogotá encouraged European SMEs to attend the ProSME event to build partnerships and increase the opportunities of tendering jointly with Colombian partners to ensure a successful outcome.

Finally, Basque Trade & Investment closed the webinar by presenting the "Meet the procurers" mission to Colombia agenda:

- Day 1: Colombia, a window of opportunities (national level)
- Day 2: Bogotá-Cundinamarca, a city-region full of dynamism and opportunities
- Day 3: Antioquia -Atlántico: "Regions, key to country's development"



The webinar was attended by 35 European companies from the infrastructure, energy, and environment sectors and was presented by Marián Guerra (Business Manager of the Basque Government Delegation), Gabriela Landa (Foreign Trade Analyst in the Basque Government Delegation), Alberto Gavin (Project Manager at Basque Trade & Investment), Frédérique Martiquet (Business Manager of Business France), Marjorie Inghels (Business Manager of The Wallonia Export & Investment Agency), Gonzalo Vargas (European Investment Manager at ProColombia), and Mónica Sánchez (Manager of Investment promotion in Invest in Bogotá)

Frédérique Martiquet (Business France)
Sandra Gaitan-Ammann (Business France)
María Ángeles Guerra (BTI)
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Marjorie Inghels (AWEX)
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