



PROCOLOMBIA
EXPORTS TOURISM INVESTMENT COUNTRY BRAND



**Gobierno de
Colombia**

LEGAL GUIDE TO DO BUSINESS IN

COLOMBIA 

2023



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CHAPTER 12

*GOVERNMENT
PROCUREMENT*

COLOMBIA 

GOVERNMENT PROCUREMENT

12. Introduction

12.1.1. Definition and general framework of government procurement in Colombia

Government contracting in Colombia refers to the set of processes and procedures carried out by government entities for the acquisition of goods, procurement of services, and execution of works necessary to fulfill government functions and objectives.

The General Statute for Public Administration Procurement is contained in Law 80 of 1993 (including its respective amendments), has as its main axis the Political Constitution of 1991 and Decree 1082 of 2015, among other related norms and decrees that are highlighted in the final chapter of this document. These norms establish the principles, procedures, and requirements to be followed in procurement processes, in order to ensure transparency, efficiency, and effectiveness in the management of public resources.

In general, government procurement in Colombia applies to all state entities, including national, departmental and municipal entities, as well as industrial and commercial state enterprises, mixed economy companies, and decentralized entities, with some exceptions mentioned in this document.

State procurement processes in Colombia include the phases of planning, contractor selection, contract formalization, risk allocation, contract execution, contract liquidation, post-contractual responsibilities of contractors and expiration of quality, stability and maintenance guarantees.

There are different types of contracts, such as public works contracts, consulting contracts, supply contracts, service contracts, and concession contracts. The

types of government contracts are: (i) Public bidding; (ii) Abbreviated selection; Merit-based competition; (iv) Direct procurement; (v) Minimum amount. The regulations establish that the contracting modality as a general rule is public bidding, and only in specific cases, depending on the purpose and amount of the process, the other modalities are allowed.

12.1.2. Importance of government procurement in the Colombian economy

State procurement is of great importance for the Colombian economy, since it represents an important source of public investment, employment generation, boosting the productive sector, contributing to the strengthening of local industry, the improvement of the country's infrastructure, and is fundamental in the fight against corruption, since state procurement processes must be transparent and competitive, to ensure that public resources are used objectively, efficiently and effectively.

12.1.3. General characteristics of government procurement in Colombia

Government procurement in Colombia is governed by the following principles:

- **Objective selection:** The selection of the contractor must be carried out objectively, based on previously established criteria and on the documents submitted by the bidders, with the public entities preferring the proposal most favorable to the common interest.
- **Planning principle:** State contracting must be adequately planned to ensure public resources' efficiency, economy, and effectiveness.
- **Principle of legality:** All contracts must comply with the rules and principles established by law, without exception.
- **Reciprocity:** Foreigners, whether legal entities, natural persons, or jointly with other bidders, can participate in selection processes to sign contracts with State entities. In certain situations, foreign bidders may enjoy the same advantages as Colombian citizens i.e., they may receive treatment equivalent to that of a national.
- **Contractor's Responsibility:** Contractors who enter into contracts with the State are responsible for complying with the terms and conditions established in the contract and for guaranteeing the quality of the goods and services supplied.
- **Control and supervision:** State entities must exercise effective control, and supervision over the contracts entered into to
- **Transparency:** All contracting must be carried out transparently, with the prior publication of documents that allow the participation of interested parties in the selection processes.
- **Free competition:** The aim is to promote the participation of as many bidders as possible to guarantee the selection of the best bidder.

ensure compliance with the terms and conditions of the contract and the quality of the goods and services supplied.

- **Disqualifications and incompatibilities regime:** There are specific rules that regulate the inabilities and incompatibilities of contractors with the State, to avoid conflicts of interest and ensure transparency in state contracting.
- **Fiscal responsibility:** Contractors that enter into contracts with the State must assume fiscal responsibility in the event of irregularities in the execution of the contract.

12.1.4. Scope of application of the General Statute of the Public Administration

In Colombia, in general terms, and with some exceptions, the government procurement regime applies to all public sector entities that are subject to public law and carry out activities related to the procurement of goods, services and public works. These entities include, among others:

- **State entities:** all entities and agencies of the State, including territorial entities, ministries, administrative departments, industrial and commercial companies of the State, and mixed economy companies in which the State has a majority shareholding, among others.
- **Decentralized entities:** all entities that, although they are not part of the organic structure of the State, have

an administrative, patrimonial and financial link with the State. These entities may be of two types: decentralized by services or decentralized by territory.

- **Territorial entities:** departments, municipalities, districts, and metropolitan areas.

12.1.5. Exceptions to the application of the government procurement regime

In some cases, by exception and by express provision in the Law, the private law regime is applied to the contractual processes of certain entities. This is the case of financial institutions, public utilities companies, state social enterprises or mixed economy companies in which the State does not exceed 50% shareholding and others. However, the jurisprudence has provided that such entities and companies must observe the principles of the administrative function in their selection processes, as well as observe the regime of disqualifications and incompatibilities of the General Statute of Procurement of the Public Administration when public resources are committed.

Notwithstanding the foregoing, such entities or companies may at their discretion implement the state procurement regime voluntarily to achieve more objective and transparent selection processes.

12.1.6. Law of Guarantees

In accordance with the provisions of Law 996 of 2005, no state entity may enter into contracts under the direct contracting modality during the four (4) months prior to the election of the President of the Republic and until the date on which the President of the Republic is elected. The exceptions to

this prohibition are: contracts related to the defense and security of the State, public credit contracts, those required to cover educational, health and disaster emergencies, as well as those used for the reconstruction of roads, bridges, highways, energy and communications infrastructure, in case they have been subject to attacks, terrorist actions, natural disasters or cases of force majeure, and those to be carried out by health and hospital entities.

Likewise, governors, mayors, secretaries, managers and directors of Municipal, Departmental or District State Entities may not enter into inter-administrative agreements or contracts to execute public resources during the four (4) months prior to any election, regardless of the nature or the national or territorial order of the other contracting entity.

12.2. Before participating in State Procurement processes

This chapter describes the most relevant preliminary aspects to be considered by individuals or legal entities, whether domestic or foreign, wishing to participate in government procurement processes in Colombia governed by the General Procurement Statute of the Public Administration in Colombia.

12.2.1. The Electronic System for Public Procurement (SECOP)

With the issuance of Law 1150 of 2007, the national government was ordered to implement the Electronic System for Public Procurement (SECOP for its acronym in Spanish) in order for entities to comply with the principles of publicity, efficiency and transparency, as well as to modernize and optimize the management of public procurement processes for public entities. The set of SECOP tools are managed by the National Public Procurement Agency

named Colombia Compra Eficiente (ANCP – CCE for its acronym in Spanish), and are accessed through the web link <https://www.colombiacompra.gov.co/>. Suppliers interested in contracting, must register, indicating the type of goods and services they are interested in offering, as well as the contracts of interest.

Concerning the application of the principle of publicity in the SECOP, the Decree 1082 of 2015 establishes that state entities must publish all documents and administrative acts issued in the framework of the respective contracting process within three (3) days following their issuance. Likewise, the bid of the successful bidder of the contracting process shall be published.

The SECOP is composed of:

- a. **SECOP I:** This platform allows the publication and open consultation of all documents related to public procurement processes, whether direct contracting or competitive processes.
- b. **SECOP II:** It is a transactional platform that allows the online management of procurement processes, with access for entities and suppliers, and public view for third parties interested in public procurement, allowing online bids and discuss the traceability of the processes.
- c. **Virtual Store of the Colombian State:** Once a main operation has been carried out for the selection of suppliers in a public bidding process, purchasing entities may access this transactional e-commerce platform to acquire goods and services through price framework agreements,

demand aggregation contracts and the minimum amount modality in large areas.

The information related to the contracting processes that the State Entities enter in SECOP II and the Virtual Store of the Colombian State is available in real time, since all the actions of the process are carried out electronically through these transactional platforms. The use of SECOP II became mandatory for some State Entities as of April 1, 2020, in accordance with the provisions of External Circulars 2 of 2019 and 3 of 2020. In addition, Colombia Compra Eficiente issued External Circular 002 of 2022 according to Law 2195 of 2022, which establishes that entities with an exceptional contractual regime must publish in SECOP II all documents related to their contractual activity within six months.

12.2.2. Single Registry of Bidders (RUP)

The Single Registry of Bidders (RUP for its acronym in Spanish) is a registration that must be made by all natural or legal persons, national or foreign, who wish to participate in bids and sign contracts with the State. The registration must be made before the chamber of commerce of the main domicile of the interested party, which is responsible for verifying the information provided by the interested parties and comparing it with the documentation required for registration, renewal or update. Once the information has been verified, the chamber of commerce will proceed with the registration.

The chambers of commerce verify the requirements necessary to be a bidder so that the RUP certificate contains: (a) the goods, works, and services for which the bidder is registered; (b) the requirements and indicators such as experience, legal capacity, financial capacity, and

organizational capacity; (c) information regarding contracts, fines, sanctions, and disqualifications; and (d) the historical experience information that the bidder has registered in the RUP (Decree 1041 of 2022).

All bidders must renew their registration in the RUP annually, no later than the fifth working day of April of each year. If they fail to do so, their registration in the RUP becomes invalid, meaning they must re-register.

If a bidder has been incorporated in Colombia for a period of less than three years, it may demonstrate its experience using the experience of its partners, shareholders or associates, even if these have been acquired outside the country. Even if the legal entity has been incorporated for more than three years, if it initially registered the experience of its partners in the RUP, it may continue to use that experience when renewing its registration annually, as long as the effects of the RUP have not ceased.

According to Decrees 399 and 579 of 2021, all bidders are allowed to include in the RUP the financial and organizational information of the last three years, so that state entities can evaluate these requirements and consider the best fiscal year of the RUP of each bidder in their selection processes. This measure is maintained until 2023.

Although the state entities in charge of contracting are responsible for verifying the conditions of the bidders, the RUP will not be required in the following specific cases:

- **Direct contracting.**
- **Contracting for a value of less than 10% of the entity's lowest amount.**
- **Contracts for the provision of**

- health services.
- Concessions of any kind.
- Disposal of State assets.
- Purchase of agricultural products in legally constituted exchanges.
- Commercial and industrial operations of state-owned companies and mixed economy companies.
- If foreign individuals without domicile in the country or foreign legal entities without a branch in Colombia want to contract with state entities.

Branches of foreign companies must submit for registration their parent company's accounting and financial information. In addition, the foreign companies' financial statements must be presented per the standards applicable in the country they are issued.

12.2.3. Annual Procurement Plan (PAA)

The Annual Procurement Plan (PAA for its acronym in Spanish) is a contractual planning tool, which is prepared by the entities in accordance with the provisions of the "Guide to prepare the Annual Procurement Plan" of Colombia Compra Eficiente. It is of mandatory publication by state entities on the entity's website and in the SECOP, and its purpose is to identify the list of goods, works, and services that the entity intends to acquire in the respective year to make them known to suppliers.

In general, the PAA must identify the good, work or service, the estimated value of the contract, the type of resources to be used to pay for the contract, the method of selection of the contractor, and the approximate date on which the entity will begin the contracting process.

The PAA is indicative and informative and does not oblige the entities to execute the identified procurement processes.

12.2.4. Who can participate in government procurement processes in Colombia?

In Colombia, natural or legal persons that comply with the requirements and conditions set forth in the Law may participate in state procurement processes. These include:

- a. Companies and commercial societies legally constituted in Colombia.
- b. Foreign companies that are registered in the Chamber of Commerce and that comply with the laws and regulations applicable in Colombia.
- c. Consortiums or joint ventures, formed by two or more individuals or legal entities that join to submit a joint bid.
- d. Natural persons of legal age, who are duly registered in the Chamber of Commerce and comply with the requirements established by law.
- e. Cooperatives and associations, if they comply with the conditions and requirements established by law.
- f. Non-profit entities that are duly registered and authorized by law.

It is important to mention that, to participate in state contracting processes in Colombia, all natural or legal persons must comply with the requirements and

conditions established by law, including the presentation of the required documentation and the payment of the corresponding guarantees. In addition, they must be up to date in fulfilling their fiscal and tax obligations with the State.

12.2.5. Application of National Treatment to foreigners in government procurement processes

Foreigners without a branch or domicile in Colombia are not required to register in the RUP (although it is recommended). However, this does not exempt them from demonstrating their experience before the contracting public entity. Foreign bidders are not required to establish a branch office in Colombia, except when they are hired to perform works, services, concessions, or other types of contracts that require their continuous presence in the country.

In accordance with the principle of reciprocity outlined in Articles 20 and 21 of Law 80 of 1993, the contracting terms and conditions and the bidding documents of the contracting processes shall establish that the bidder of foreign origin shall be granted the same treatment and the same conditions, requirements, procedures and award criteria as the national bidder.

By means of the subscription and approval of Treaties, some States have acquired with Colombia the commitment to offer equal treatment to Colombians for the participation in their state contracting processes so that under reciprocity, Colombia also grants such national treatment for suppliers, goods and services originating from the countries that are signatories of the respective Trade Agreements that are incorporated to our legal system by the approval of these through a Law of the Republic. The same applies to services

rendered by suppliers of the Andean Community, except for air transportation (CAN Decision 439 of 1998).

Likewise, the entity must also grant national treatment to suppliers from States with which, despite the absence of a Trade Agreement, the National Government has certified reciprocity, in accordance with Article 2.2.2.1.2.2.4.1.3 of Decree 1082 of 2015.

For documents issued in countries that are members of the “Convention on the Abolition of the Requirement of Legalization for Foreign Public Documents”, legalization is not required, only an apostille. In the case of documents originating from non-member countries, legalization of the documents must be required.

Private documents issued abroad do not require legalization or apostille, and have a presumption of authenticity. However, if they are documents authenticated by a notary public, they acquire the character of public documents and must be apostilled. Likewise, no official translation may be required for public or private documents in a language other than Spanish.

12.2.6. Disqualifications and incompatibilities

Disqualifications and incompatibilities are understood as the restrictions established by law for bidders or contractors to prevent their private interests from affecting public functions. Disqualifications apply to those who are not public servants and limit their capacity to contract with the State, and incompatibilities prohibit those who hold or have held a specific public office from contracting with the State.

The law establishes several causes of disqualification, such as: (i) having caused the declaration of expiration of a public contract; (ii) refusing without justification to sign an awarded state contract; (iii) having been convicted of a crime that entails the interdiction of public rights and functions or disciplinary dismissal; (iv) having been declared responsible for transnational bribery; (v) being a public servant; (vi) having incurred in contract breach or the imposition of two or more fines by one or more entities, or (vii) having been declared judicially liable for crimes against public administration, among others.

Regarding the incompatibilities to enter into state contracts, the following incur in them: i) those who held managerial, advisory or executive positions, or were members of the board or board of directors of the contracting entity during the previous year; and ii) those who are related up to the second degree of consanguinity, second degree of affinity or first civil relationship with public servants at managerial, advisory or executive levels or with members of the board or board of directors, or with persons exercising internal or fiscal control of the contracting entity.

Likewise, supervening inabilities or incompatibilities may occur, in which case the contractor must assign the contract with the prior written authorization of the contracting entity or, if this is not possible, waive its execution.

12.3. Public-Private Partnerships (PPP)

As established by Law 1508 of 2012, Public Private Partnerships (PPP by its acronym in Spanish) are collaboration contracts whose purpose is the involvement of private capital for the fulfillment of state purposes. The PPP is materialized in a contract between a state entity and a natural or legal person of private law, for the provision of public goods and related services, which involves the retention and transfer of risks between the parties and payment mechanisms, related to the availability and level of service of the infrastructure and / or public services.

In this sense, under this collaborative structure, the public and private sectors work together to finance, build, operate, and maintain infrastructure projects and public services.



Since the issuance of Law 1508 of 2012, the main rules to consider regarding PPPs are the following:

2022	<ul style="list-style-type: none"> • Resolution 1092 - Whereby the Social Discount Rate is adopted as a parameter in the evaluation of social investment projects of the Public Sector.
2021	<ul style="list-style-type: none"> • Decree 1278 - Whereby Section 13 is added to Chapter 1 of Title 2, Title 2 of Part 2 of Book 2 of Decree 1082 of 2015, Sole Regulatory Decree of the Administrative Sector of National Planning, in order to define the terms and conditions under which Functional Units of Via Férrea may be established in Public Private Partnership projects of railway infrastructure, in accordance with the provisions of paragraph 6 of Article 5 of Law 1508 of 2012. • Decree 438 - Whereby Chapter 1 of Title 2 of Part 2 of Book 2 of Decree 1082 of 2015, Sole Regulatory Decree of the National Planning Administrative Sector, is amended.
2019	<ul style="list-style-type: none"> • Decree 1974 - Whereby Section 12 is added to Chapter 1 of Chapter 1 of Title 2 of Part 2 of Part 2 of Book 2 of Decree 1082 of 2015, Sole Regulatory Decree of the National Planning Sector, in order to regulate the particularities for the implementation of Public Private Partnerships in the field of Information and Communications Technologies.
2018	<ul style="list-style-type: none"> • Law 1882 - Whereby provisions are added, modified and dictated to strengthen public contracting in Colombia, the Infrastructure Law and other provisions are dictated.
2017	<ul style="list-style-type: none"> • Decree 2100 - Whereby Article 2.2.2.2.1.2.2.2. of Decree 1082 of 2015 is replaced, related to the right to retributions in Public Private Partnership projects.
2016	<ul style="list-style-type: none"> • Resolution 1464 - Whereby the requirements and parameters to be met by public entities responsible for the development of Public Private Partnership projects to request the concept provided for in Article 206 of Law 1753 of 2015 are established. Annex 1 Resolution 1464 - Evaluation and Prioritization of Public Private Partnership Projects.
2015	<ul style="list-style-type: none"> • Law 1753 - Whereby the National Development Plan 2014-2018 "All for a new country" is issued. • Decree 1082 - Whereby the Sole Regulatory Decree of the National Planning Administrative Sector is issued. • Decree 063 - Whereby the particularities for the implementation of Public Private Partnerships in the Drinking Water and Basic Sanitation sector are regulated.
2014	<ul style="list-style-type: none"> • Decree 2043 - Whereby Decree 1467 of 2012, regulating Law 1508 of 2012, is amended. • Decree 1553 - Whereby Decree 1467 of 2012 is amended. • Decree 0301 - Whereby Decree number 1467 of 2012 is amended.
2013	<ul style="list-style-type: none"> • Law 1682 - Whereby measures and provisions for transportation infrastructure projects are adapted and extraordinary powers are granted. • Decree 1610 - Whereby Article 26 of Law 1508 of 2012 is regulated.
2012	<ul style="list-style-type: none"> • Resolution 3656 - Whereby parameters are established for the evaluation of the public-private partnership mechanism as a project execution modality referred to in Law 1508 of 2012 and Decree number 1467 of 2012. • Decree 1467 - Whereby Law 1508 of 2012 is regulated. • Law 1508 - Whereby the legal regime of Public Private Partnerships is established, organic budget regulations are issued and other provisions are enacted.

Source: Own elaboration

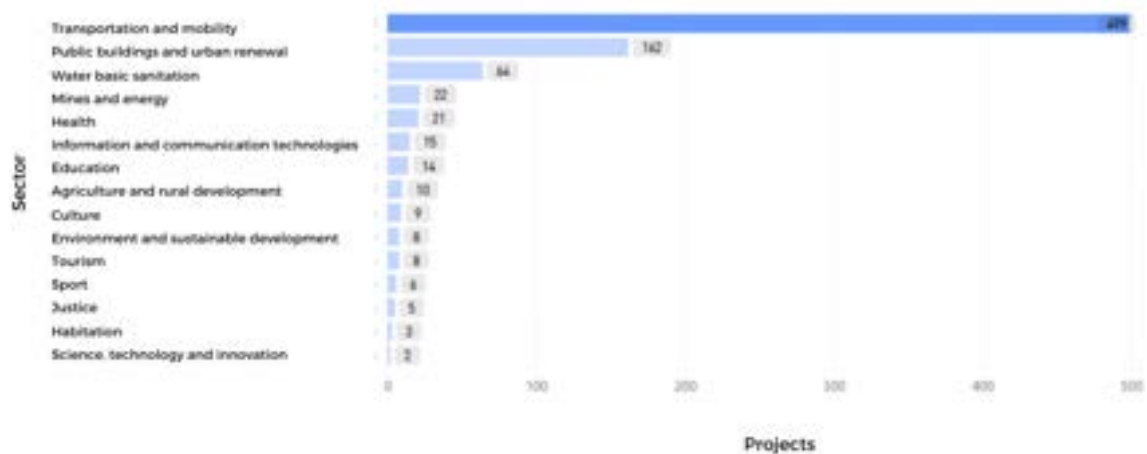
Some of the main characteristics of the PPPs are:

- The National Planning Department (DNP) maintains the Single Registry of Public-Private Partnerships (RUAPP for its acronym in Spanish) www.dnp.gov.co in which all ongoing PPP initiatives and their status are registered. The DNP uses SECOP to file, register and consolidate information on PPP projects. As of the first quarter of 2023, 850 projects have been included in RUAPP, including projects in the different evaluation, approval, award, or contract stages.
- There is a prohibition for mixed economy companies, their subsidiaries, domiciliary public utilities companies, and industrial and commercial companies of the State to participate as bidders or contractors in processes regulated under Law 1508 of 2012.
- PPPs should result in long-term contractual relationships, and therefore, the assets and services provided should address long-term social needs.
- PPPs apply to contracts in which a state entity contracts a private investor to design and build an infrastructure and its associated services, provided that the investment amount exceeds 6,000 legal monthly minimum wages in force (S.M.L.M.V.).
- According to PPP regulations, contracts have a maximum term of 30 years, including any agreed extensions. However, in special cases in which the structuring of the project requires it, the term may be extended beyond 30 years as long as the approval of the National Council for Economic and Social Policy, CONPES, is obtained.
- In public-private partnership projects, the right to receive resources for the economic exploitation of the project, as well as access to public resources or any other compensation, is subject to certain conditions. These include the availability of the infrastructure, compliance with service levels and quality standards in the different stages of the project, and other requirements established by the procurement state entity in its regulations.
- In public-private partnership contracts, the right to remuneration by functional units may be agreed upon, conditioned to the availability of the infrastructure, to the compliance with Service Levels and Quality Standards in the different functional units or stages of the project and with the prior approval of the Ministry or body in charge of the sector or its equivalent at the territorial level.
- Public initiative PPPs do not allow additions exceeding 20% of the value of the original contract, and extensions must be evaluated by the corresponding state entity.

Requests for additions and extensions may not exceed 20% of the initial contract value. The contract value for public initiative PPP projects includes the estimated

investment budget necessary for the construction, repair, improvement, equipment, operation, maintenance, and other technical activities required to fulfill the contract.

PROJECTS BY SECTOR (2013-2023)



In private initiative PPPs involving public resources, it is established that resource additions to the project may not exceed 20% of the disbursements of public resources that were originally agreed upon. In addition, extensions in time must be evaluated by the competent state entity, and requests for additions and extensions may not exceed 20% of the original disbursements of public resources. On the other hand, in private initiative PPPs without public resources, changes involving disbursements of this type of resources are not allowed. They may only be extended by a maximum of 20% of the initial term.

12.3.1. Public initiative PPPs

The selection procedure for public initiative PPP projects is public bidding, for which the state entity is required to conduct a cost-benefit study that evaluates the social, economic, and environmental impact of the project on the

population directly affected to structure and implement a public initiative PPP. It is important that the project structuring study and design documents, including technical, socioeconomic, environmental, land, financial and legal documents, be carefully considered. In addition, it is necessary to define, typify, estimate, and assign risks through a project risk matrix.

The competent state entity verifies compliance with the requirements of legal capacity, financial or financing capacity and experience in investment or project structuring to select the bidders that may continue in the process and subsequently carry out the public bidding to select the private partner.

The prequalification system may be used, in which case a list of prequalified bidders is drawn up by means of a public call for bids and the number of bidders to participate in the selection process is limited.

Finally, the state entity will select the most convenient offer according to technical and economic factors, contemplated in the bidding documents or equivalent, by means of a detailed weighting. Said offer must represent the best cost-benefit ratio for the entity and consider aspects such as service levels, quality, present value of income, state contributions, considerations offered by the bidder, among other aspects relevant to the contract in question.

12.3.2. Private initiative PPPs

These associations are governed by Law 1508 of 2012, which establishes the bases for the structuring, negotiation, contracting, monitoring and evaluation of this type of projects. Two categories of private initiative PPPs are distinguished: those involving public resources and those involving only private resources. In both cases, the Originator may be in charge of structuring the project and assuming all associated costs, to submit it to the corresponding entity for evaluation and approval.

The project structuring process comprises two stages: prefeasibility and feasibility.

- **Prefeasibility:** During the prefeasibility stage, the originator of the private initiative must provide a complete description of the project, including the minimum design in each phase (construction, operation, maintenance, organization, and exploitation), its scope, demand studies in this phase, specifications, cost estimates and source of financing, as well as secondary information, historical figures, economic projections of the State and carry out the necessary basic field inspections.






- From the date of receipt of the project or the receipt of the additional information requested by the competent state entity, the latter has a maximum term of three months to send to the originator the Concept rejecting the initiative or indicating the acceptance of the Prefeasibility Initiative, event in which the originator may continue with the structuring of the project and initiate the feasibility stage. This Concept does not imply the recognition of a right to the originator, nor does it generate any obligation for the State.
- **Feasibility:** the originator, for a maximum period of 24 months, shall document its legal and financial capacity or its potential to obtain financing, as well as investment or project structuring experience and the value of the project structuring. In addition, it will add a draft contract that includes, among other elements, the proposed risk distribution. During this stage, an affidavit must certify that all information provided is true and complete.

Within 6 months following the issuance of the prior favorable opinion of the National Planning Department, the competent state entity shall open the public bidding process in the case of private initiatives that require the disbursement of public resources or shall publish the bid in the SECOP in the case of private initiatives that do not require disbursement of public resources.

The originators of PPP projects of private initiative or for the provision of its associated services, in accordance with Law 1882 of 2018, will assume the totality of the structuring costs, including the cost for its review and/or evaluation in the prefeasibility and feasibility stages. In any case, the sum of the project evaluation costs may not exceed zero point two percent (0.2%) of the value of the Capex of the respective project.

If the private initiative is rejected, the competent public entity may acquire the studies carried out by the originator, provided that they are useful for the fulfillment of its functions. The acquisition value shall correspond to the costs borne by the originator during the processing and evaluation of the private initiative, after verifying that they correspond to market costs.

12.4. Contractor selection modalities

1.	2.	3.	4.	5.
				
PUBLIC BIDDING	ABBREVIATED SELECTION	COMPETITION OF MERITS	DIRECT HIRING	MINIMUM AMOUNT
<ul style="list-style-type: none"> Complex objects. Higher value objects. If the nature of the good/service to be contracted does not fit any modality, it must be contracted through public bidding. 	<ul style="list-style-type: none"> Simplified process ensuring efficiency of contractual management: "mini-bidding". Possibility of using mechanisms such as Reverse Auctions and Commodity Exchanges, favoring the lowest price. Procedure based in the amount involved. 	<ul style="list-style-type: none"> Selection of consultants of projects. Quality is favored over price. The conditions of the proposal can be evaluated. 	<ul style="list-style-type: none"> Exception of the general rule. Non-existence of a public call. It applies in cases where it is not necessary or possible to carry out a selection process through a public call. 	<ul style="list-style-type: none"> Public, autonomous and independent procedure: simplified planning. Acquisitions below 10% of the entity's lowest amount, regardless of the object. Lowest price.

Source: Own elaboration

In order to ensure the principles of equality, free competition, transparency and objective selection, various forms of selection have been defined so that state entities can choose the best offer. These forms of selection include: public bidding, abbreviated selection, merit-based competition, direct contracting and minimum amount contracting, as we expand on each below.

(a) Public bidding

Public bidding corresponds to the procedure for the procurement of goods, services or the execution of works by the entities, agencies and entities that make up the public sector. This procedure is generally applied unless the law establishes another specific selection modality.

The public bidding process begins with a public invitation by a state entity for those interested in contracting with it to submit their proposals and to select the most favorable one according to the needs of the entity, in accordance with the specifications established by the bidding entity.

Bidding processes must follow the following procedure:



Source: Own elaboration

The award shall be made in a public hearing through a reasoned resolution, which shall be notified to the successful bidder in such hearing.

In public bidding processes declared void, the respective entity must initiate the abbreviated selection within four months following the declaration of the void.

(b) Abbreviated selection

Abbreviated selection is a faster and simpler contracting modality than public bidding, used in certain circumstances and for certain types of contracts. This modality is applied in cases such as (i) acquisition of common goods and services, (ii) agricultural products offered in legal exchanges, (iii) small contracts, (iv) health services, (v) disposal of state assets (except those related to state

participation in the capital of companies), (vi) activities of state companies, (vii) defense and national security, (viii) unopened bidding, and (ix) contracts of entities in charge of programs for the protection of vulnerable persons.

For the procurement of goods and services of uniform technical characteristics and common use, state entities shall establish in the bidding documents that the sole evaluation factor shall be the lowest price offered. In addition, in abbreviated selection processes, observations of the draft bidding documents will be allowed within five (5) working days.

In this modality, we find the following categories:

- **Small Abbreviated Selection: for the acquisition of goods**

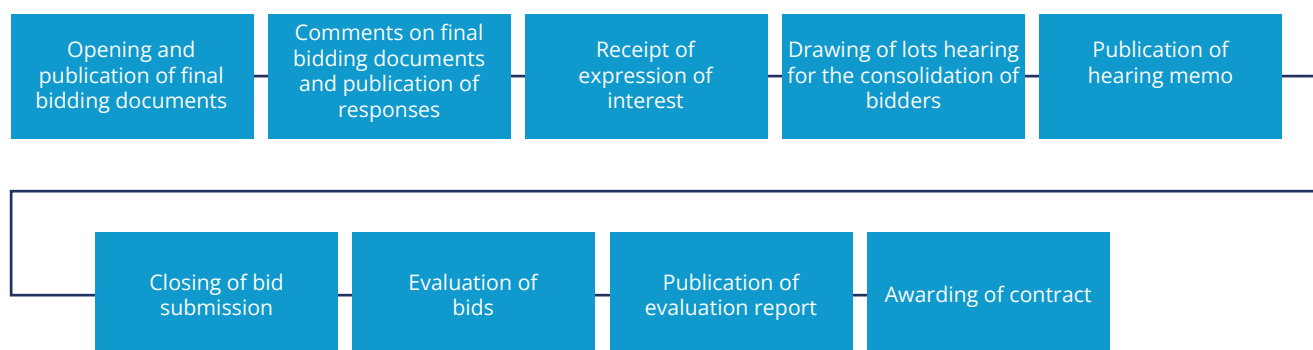
or services, whose value is above ten percent (10%) of the minimum amount and up to the maximum limit of the smallest amount.

- **Reverse Auction Abbreviated Selection:** regardless of the amount, it is used to acquire goods and services with uniform technical characteristics, in which the bidding is done by decreasing

the initial price by a percentage previously established in the bidding documents.

- **Price Framework Agreements:** the one carried out through the Virtual Store of the Colombian State - Colombia Compra Eficiente.

The general procedure for this modality is as follows:



Source: Colombia Compra Eficiente

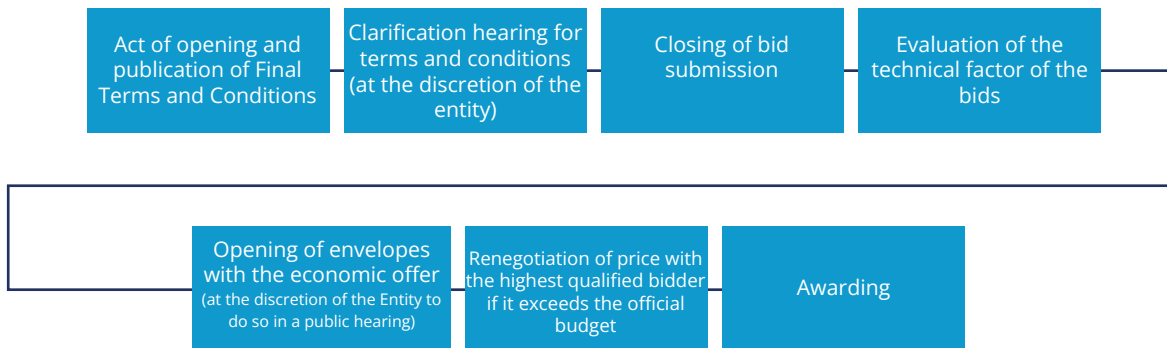
(c) Merit-based competition

The merit-based competition is a modality used to select consultants or auditors for technical coordination, control and supervision, construction and/or project management, or for the execution of investment and architectural projects, among others. The government entity must specify how the experience of the interested party and the work team will be qualified, as well as their academic background and technical and scientific publications. In addition, the state entity must review the economic offer to ensure

that it is within the estimated value established in the previous studies and in the budget assigned for the contract.

Decree 1082 of 2015 establishes the rules for conducting merit competitions, either open or with prequalification. In these processes, five (5) business days are available to submit comments to the draft bidding documents.

The general procedure for this modality is as follows:



Source: Colombia Compra Eficiente

(d) Direct contracting

Direct contracting is a modality in which public entities may make direct contracts with a natural or legal person, for the provision of professional services, the provision of management support services, or the acquisition of a good or service, which has an exclusive supplier or for being the holder of the rights thereof; without the need to carry out a bidding process. However, this option only applies in specific situations that are determined by the law which include, among others,

the contracting of credits, the existence of a manifest urgency, the need for professional services, or the acquisition of goods and services that require a reservation for their acquisition in the defense sector, the National Intelligence Office (DNI for its acronym in Spanish) and the National Protection Unit.

The general procedure for this modality is as follows:



Source: Colombia Compra Eficiente

(e) Minimum amount contracting

The minimum amount contracting is a quick procedure applied when the contract's value is equal to or less than 10% of the lowest amount of the entity¹, regardless of its object. Also, within this modality, we find Purchases in Large Supermarkets, through the Virtual Store of the Colombian State. Law 2069

of 2020, called Entrepreneurship Law, modifies this modality allowing public entities to make these acquisitions to medium and small enterprises (MSMEs). In addition, new tie-breaker criteria different from those of Decree 1082 of 2015 are established to choose the best offer according to the entity's criteria.

¹ The amount of the smallest amount of the state entity will be updated according to the fiscal year in which the selection process is to be carried out, in accordance with the rules established in Article 2 of Law 1150 of 2007.

Law 1882 of 2018 establishes the need for the National Government to adopt standard documents for the bidding documents used in government procurement processes. On the other hand, Law 2022 of 2020 empowers the Colombia Compra Eficiente Agency to issue mandatory standard documents for entities subject to the General Statute of Public Procurement in the selection processes for public works, auditing and consulting. Although these documents are standard documents, potential bidders have the right to submit comments from the date of their publication.

Law 2195 of 2022 established that the standard documents must be applied by state entities when entering into contracts with autonomous patrimonies or with natural or legal persons whose contracting regime is special or private law, with the exception of public higher education institutions, state social enterprises, mixed economy companies and state industrial and commercial enterprises.

The general procedure for this modality is as follows:



Source: Colombia Compra Eficiente

12.5. Execution of the contract

12.5.1. The parties of the State contracts

Government contracts in Colombia involve the participation of several parties. The following are the parties involved in state contracts:

(a) The contracting state entity: is the government entity that has the responsibility to carry out the contracting and to execute the contract. It is responsible for carrying out the contractor selection process, defining the technical specifications and establishing the terms and conditions of the contract.

(b) The contractor: is the natural or legal person who has the legal capacity to submit a bid and enter into the contract

and who undertakes to execute the contract in the event of being awarded. The contractor must comply with the obligations established in the contract and be liable for any default or deficiency in the service provision or in the execution of the work. The contractor or bidder may be a natural or legal person (as defined in the bidding documents), national or foreign, or also a group of persons associated under the figure of a consortium or temporary union or under the promise to form a future company in the event of being awarded the contract. The main difference between a consortium and temporary union will be the liability regime, which, for the

first category, will be joint and several and for the second, the liability will be in accordance with the contribution of each member.

(c) The contract supervisor: is the person appointed by the state entity to monitor and control the contractor's compliance with the contract. He/she must carry out periodic inspections and verifications to verify that the contractor complies with the requirements and standards established in the contract.

(d) The contract auditor: is a third party appointed by the state entity to verify that the contractor complies with the terms and conditions of the contract. Its function is to ensure that the work or service is performed within the established terms and deadlines and that technical and legal requirements are complied with.

(e) The contractor's legal representative: is the natural or legal person with the legal capacity to represent the contractor before the state entity and third parties. He/she is responsible for making the necessary decisions to comply with the contract and to answer for the contractor's non-compliance.

(f) The subcontractor: is the natural or legal person who is hired by the contractor to perform a specific part of the object of the contract, if the contractual process permits it. The subcontractor has a contractual relationship with the contractor, but not with the contracting state entity.

(g) Civil society organizations and citizens: when they exercise citizen participation under the terms of the Political Constitution and the Law.

In general, national or foreign persons wishing to participate in the execution of government contracts must demonstrate

the legal capacity, experience, technical and financial capabilities required to perform the activity to be awarded, requirements that vary depending on each selection process.

15.5.2. Content and perfection of the state contract

The state contract is a legal agreement entered into between a state entity and a private party, the purpose of which is the acquisition of goods, services or works by the state entity, and is also composed of its annexes, among which are: the bidding documents, addenda or amendments to the bidding documents, the preliminary studies, the risk matrix, the proposal submitted by the successful bidder, as well as all other documents issued during the respective selection process.

The contract must contain the following elements:

- a. **Identification of the parties:** it must be specified who the contracting parties are, i.e., the state entity and the contractor or supplier.
- b. **Object of the contract:** the object of the contract must be defined, i.e., the service, work, or good to be rendered, executed, or acquired.
- c. **Execution term:** the term within which the contract must be executed and the obligations established must be fulfilled must be established.
- d. **Addenda to the state contract:** these are modifications or additions to the contract initially entered into between a state entity and a contractor, which are intended to adjust,

specify or correct the terms and conditions of the contract. Addenda may be of different types, such as, for example, addenda that modify the term of execution of the contract, addenda that adjust the value of the contract, addenda that add or exclude obligations and responsibilities of the parties, among others.

For an addendum to a state contract to be valid and binding, it must be signed by both parties and must comply with the formal and substantive requirements established by Colombian regulations, such as the General Procurement Statute of the Public Administration and the applicable regulatory and contractual provisions. In addition, it is important that the addenda are made within the terms and conditions established in the initial contract and that the reasons for their execution are duly justified.

Modifications and additions to state contracts must comply with certain legal requirements to guarantee their legality and transparency. Some of these requirements are:

- i. **Justification:** Any modification or addition to the contract must be duly justified and documented in the contract file.
- ii. **Authorization:** The modification or addition must be authorized by the head of the contracting entity or by the official delegated for such purpose.
- iii. **Formalization:** The modification or addition must be formalized through an administrative act containing the terms and conditions thereof.
- iv. **Publicity:** The administrative act formalizing the modification or addition must be published in SECOP II to ensure transparency and access to information.
- v. **Limitations:** Modifications and additions may not affect the object of the contract or exceed the initially contracted value by more than fifty percent (50%) of its initial value, expressed in current legal monthly minimum wages.
- vi. **Control:** The modification or addition must be subject to the internal and external control mechanisms provided for in the regulations in force.
- vii. **Certificate of budget availability:** If the addition requires additional budget, the state entity must issue a certificate of budget availability before the modification is made.
- viii. **Special regime for extensions and modifications to PPP contracts:** Extensions may be granted for matters directly related to the object of the contract, but only after the first three (3) years of the term and before the termination of the first three quarters (3/4) of the initial duration of the contract. On the other hand, when the PPP is of private initiative, the extension of the duration of the contract together with the additional resources granted may not exceed twenty percent (20%) of the initial value of the contract.

In summary, in order to make a modification or addition to a government contract in Colombia, it is necessary to justify it adequately, have the corresponding authorization, formalize it through an administrative act, publish it in SECOP II, respect the limits and submit it to the corresponding control mechanisms.

(e) Value of the contract: the value of the contract and the agreed payment method must be indicated.

(f) Obligations and responsibilities of the parties: the obligations and responsibilities of each of the contracting parties must be defined.

(g) Guarantees: As established in Decree 1082 of 2015, the state entity must indicate in the bidding documents the warranties and guarantees required according to each stage of the contract, there being several types of guarantees that may be applicable to state contracts. Among the most common are:

- i. **Performance bond guarantee:** this is the guarantee that the contractor must provide to ensure compliance with the contract. This guarantee must cover the contract's total value and is constituted through a bank guarantee or an insurance policy.
- ii. **Quality guarantee:** this is the guarantee that the contractor must provide to ensure that the goods or services delivered comply with the technical and quality requirements established in the contract.
- iii. **Advance payment guarantee:** this is the guarantee that the contractor must provide to ensure the correct application of the resources delivered as an advance payment. This guarantee covers the advance payment amount and is constituted through a bank guarantee or an insurance policy.
- iv. **Bid guarantee bond:** this is the guarantee that the bidder must provide to demonstrate its commitment to the bid submitted. This guarantee must cover a percentage of the total value of the bid, normally 10% of the value of the bid budget, and is constituted through a bank guarantee or an insurance policy. The aforementioned 10% may be reduced in processes involving large amounts (when the amount exceeds one million (1,000,000) legal monthly minimum wages in force). In addition, the bid bond will not be required in credit contracts, insurance contracts and in contracts whose value is less than ten percent (10%) of the smallest amount foreseen for each entity.
- v. **Bid stability guarantee:** this is the guarantee that the bidder must provide to ensure that it will maintain the prices and conditions of the bid submitted during a specified period. This guarantee must cover a percentage of the total value

of the bid and is constituted through a bank guarantee or an insurance policy.

- vi. **Environmental performance guarantee:** this is the guarantee that the contractor must provide to ensure compliance with the environmental obligations established in the contract. This guarantee is constituted through a bank guarantee or an insurance policy.

Bidders or contractors may, at their option, grant any of the following guarantees to guarantee compliance with their obligations arising from the execution of government contracts: (i) insurance contracts, (ii) commercial guarantee trust, or (iii) bank guarantees or letters of credit, whether domestic or issued abroad.

(h) Causes for non-compliance: the causes for non-compliance and the corresponding penalties must be established.

(i) Additional clauses: additional clauses may be included to enable the development of the contract, such as confidentiality, intellectual property, conflict resolution, among others.

(j) Exorbitant clauses:

Exorbitant clauses in government contracts are a set of provisions that grant the State certain special powers in the contracts it enters into, in order to ensure compliance with public purposes and the protection of the resources of the treasury. In Colombia, these clauses are regulated in Law 80 of 1993 and Law 1150 of 2007, among other regulations.

Among the most important exorbitant clauses included in government contracts in Colombia are the following:

- i. **The forfeiture clause:** allows the State to declare the forfeiture of the contract in the event that the contractor fails to comply with the obligations agreed upon in the contract.
- ii. **The unilateral liquidation clause:** authorizes the State to liquidate the contract without the need for prior agreement with the contractor, in the event that the latter fails to comply with the contractual obligations.
- iii. **The fines clause:** establishes the contractor's obligation to pay fines in the event of noncompliance with contractual obligations, in order to ensure compliance with the terms and scope of the contract.
- iv. **The unilateral termination clause:** allows the State to terminate the contract without prior agreement with the contractor, in the event of causes attributable to the contractor or force majeure that prevent the performance of the contract.
- v. **The supervision and control clause:** establishes the contractor's obligation to allow supervision and control by the State, in order to guarantee the quality and compliance with contractual obligations.
- vi. **These clauses must be included in the bidding terms and conditions and in the contracts in a clear and precise manner, so that they are understandable and do not**

give rise to misinterpretations. In the event that such clauses are not agreed upon in the respective contract, they shall be understood to be incorporated by express legal provision. However, in supply and service contracts, the agreement of these powers is optional, and in other contracts their inclusion is prohibited.

(k) Fines and penalty clause:

It is important to note that fines in state contracts must be clearly defined in the contract and must be proportional to the breach. In addition, the contractor has the right to appeal the fine if it considers that it is not fair or that due process was not complied with. Fines in state contracts can be classified into several categories, among them:

- i. **Penalties for failure to meet deadlines:** These fines are applied when the contractor fails to comply with the deadlines established in the contract for the delivery of the contracted goods or services. The fine is calculated on the basis of the time of delay and may be a daily sum or a fixed amount.
- ii. **Fines for non-compliance with technical specifications:** If the contractor fails to comply with the technical specifications established in the contract, a fine may be applied. This may include the quality of materials used or the performance of equipment or infrastructure.
- iii. **Fines for non-compliance with labor and social obligations:** Some government contracts may include labor and social

obligations, such as the employment of local personnel or the implementation of corporate social responsibility programs. If the contractor fails to comply with these obligations, it may be fined.

- iv. **Fines for non-compliance with tax obligations:** If the contractor fails to comply with tax obligations, such as the payment of taxes, a fine may be applied.
- v. **Fines for non-compliance with environmental obligations:** In some government contracts, environmental obligations may be included, such as proper waste management or the implementation of measures to reduce environmental impact. If the contractor fails to comply with these obligations, it may be fined.

Pursuant to the General Procurement Statute of the Public Administration, entities that carry out procurement processes must reduce, during the evaluation of bids in the pre-contractual stage, two percent (2%) of the total points established in the process to bidders that have been imposed one or more fines or penal clauses during the last year. This reduction also affects consortiums and temporary unions if any of their members are in the above situation.

The penalty clause, which must be included in every state contract, is an economic sanction for the contractor in the event of noncompliance with the contractual obligations. The amount of the penalty clause must be proportional to the value of the contract and the damage that may be caused to the State by the breach. It is important to emphasize that

the penalty clause does not exclude the possibility of demanding compliance with the contractual obligations, nor does it limit the contractor's liability for damages caused to the State. Furthermore, in the event of non-compliance, the procedure established by law must be followed to enforce the penalty clause.

(l) Assignment of the state contract:

The assignment of state contracts is regulated by Law 80 of 1993, which establishes that state contracts may be assigned or subcontracted, provided that certain requirements and formalities are met, and it is previously authorized in writing by the contracting state entity.

To assign a state contract, the original contractor must obtain the authorization of the state entity, which will verify that certain requirements are met, such as the financial and technical capacity of the assignee, the continuity in the provision of the service or execution of the contract, and that it complies with all the requirements demanded by the specifications of the awarded contract, among others. In addition, the state entity may impose additional conditions and requirements to authorize the assignment.

In the event of the contractor's inability or incompatibility, the contractor shall assign the contract with the prior written authorization of the contracting entity or, if this is not possible, shall waive its execution.

(m) Form of payment:

It is possible to agree on advance payment and the delivery of advances in contracts

entered by state entities, but the amount of these advances may not exceed 50% of the total value of the contract.

Colombian jurisprudence differentiates between the concepts of "advance payment" and "prepayment". Thus, "advance payment" is understood as an advance payment intended to ensure the execution of the contract, and the resources granted are only considered part of the contractor's equity as they are amortized during the execution of the contract; and "prepayment" as a form of effective payment in which the resources are integrated into the contractor's equity from the time of disbursement.

Article 91 of Law 1474 of 2011 (Anti-Corruption Statute) establishes that, in works, concession, health, and public bidding contracts, and as long as they are not of the minor or minimum amount, the contractor must establish an irrevocable mercantile trust contract to manage the funds received as an advance payment, to ensure that these resources are used only for the execution of the respective contract.

Other rules relevant to advance payment management can be identified: the terms of the advance payment must be established in the bidding documents, defining the value and returns that may be generated; for their part, the bidding documents must specify the conditions and terms for managing the advance payment, and payments to suppliers must be approved in advance by the supervisor or controller, provided that they conform to the plan for use or investment of the advance payment, which must also be created; Finally, a performance bond is required to cover the proper investment

and management of the advance payment, which must remain in effect until the contract is completed or the advance payment has been fully repaid.

(n) Dispute resolution:

Disputes arising between contractors and state entities can be resolved through direct and expeditious dispute resolution methods, such as conciliation, amicable composition, settlement, and national or international arbitration.

However, it is important to note that arbitrators or amiable compositeurs are not empowered to rule on the legality of administrative acts related to the use of exceptional powers.

If the parties have not agreed to arbitration or if the law so provides, they must resort to the contentious administrative jurisdiction, which has a hierarchical structure that includes the Council of State as the superior entity, followed by the administrative courts that act as a court of appeals and, in general, as the second instance of the decisions issued by the administrative judges who are the first instance.

12.6. Types of government contracts

According to the law, a state contract is any contract entered into by a public entity. Public entities may enter into all contracts permitted by law, including those established in the Civil Code or the Code of Commerce. Since Colombian laws do not typify or restrict the contractual typologies in state contracts, state entities may also enter into atypical or unnamed contracts in the application of the principle of party autonomy, provided that they are framed within the limits of the Constitution and the law.

Some government contracts provide for certain particularities, which are intended to meet the special needs of certain entities and the efficient achievement of the purposes of the State. Examples of this are the following:

(a) Public works

This is the contract entered into by state entities to build, maintain, install and perform, in general, material works of any nature on real estate, according to different execution and payment modalities.

(b) Consulting

The consulting contract is characterized by its intellectual nature. Through this type of contract, state entities commission studies necessary for the execution of investment projects, diagnostics, structuring, pre-feasibility or feasibility of specific projects, as well as technical advisory services for coordination, control and supervision. Contracts for the purpose of auditing, advising, work or project management, direction, programming and execution of designs, plans, preliminary projects, and projects are also consulting contracts.

(c) Provision of services

State entities may enter into service contracts to carry out their administration or operation activities. This type of contract may only be entered into with natural persons when it is not possible to perform the contracted activities with plant personnel or when specialized knowledge or skills are required.

The Constitutional Court established in its Ruling C-154 of 1997 that the hiring of natural persons for the provision of independent services in the state sphere

is only allowed when the contracting entity lacks staff with the necessary professional, technical or scientific knowledge or the specialized knowledge required to fulfill the state's purposes. Contracts of this type will be entered into for the minimum time required, and will not result in an employment relationship or benefits unless it can be demonstrated that the activity performed was subordinate and dependent.

In 2023, a joint circular was issued by the Administrative Department of the Civil Service and the National Agency of Public Procurement -Colombia Compra Eficiente-, which establishes that the previous studies that support the execution of contracts with natural or legal persons must explain why such activities cannot be performed by regular employees. In addition, the Circular establishes that the entities subject to the Circular may not enter into contracts with natural persons for more than four months, with some exceptions provided for in the regulation.

(d) Concession

Through concession contracts, a public entity grants a person (concessionaire) the right to provide a public service or to construct or exploit a natural resource, or the total or partial operation or management, in exchange for an economic consideration. These contracts usually have a fixed term and are subject to special criteria and regulations established by law. In Colombia, concessions are usually granted for, among other services, works or resources, the management of highways, ports, and airports, mineral exploration and exploitation, and water and sewage services.

(e) Fiduciary and public trusts

Trust and public trust agreements are agreements that state entities enter into with trust companies approved by the Financial Superintendence of Colombia for the management of resources related to the contracts entered into by such entities. In the public trust the ownership of public resources cannot be transferred, and these do not constitute an autonomous patrimony of the corresponding state entity, although the authorizing officer remains responsible for them.

Autonomous patrimonies may be constituted with entities subject to the supervision of the Financial Superintendency of Colombia for the securitization of assets and investments, as well as for the payment of labor liabilities, according to Article 41 of Law 80 of 1993. In addition, as mentioned above, there are unnamed contracts that may also be used in public procurement, beyond the contractual typologies mentioned above.

12.7. Risks in government procurement and their mitigation

Article 25, paragraph 19 of Law 80 of 1993 provided that the risks were covered by guarantees that protected the three moments of the contracting: planning and selection, execution and acts subsequent to the delivery of the contracted good or service. Likewise, Law 1150 of 2007 establishes that the State Entity must include the estimation, classification and assignment of foreseeable risks involved in the contracting in the bidding documents or their equivalent.

Decree 1082 of 2015 defines risk as the "Event that may generate adverse

effects and of different magnitude in the achievement of the objectives of the Contracting Process or in the execution of a Contract”.

Within the framework of this, Colombia Compra Eficiente has a Risk Management Manual for the Contracting Process available at: https://www.colombiacompra.gov.co/sites/cce_public/files/cce_documents/cce_manual_cobertura_riesgo.pdf, according to which, the entity must include in the Preliminary Studies and in the draft Specifications of the contracting process, the risks that affect the execution of the contract.

12.8. Liquidation of government contracts

State contracts that require a prolonged execution in time, as well as others that need it, will be liquidated at the end of their execution, a process in which the parties evaluate their mutual obligations once the contract is completed. During this stage, the necessary adjustments, revisions, and acknowledgements will be made, and the rights and obligations arising from the contract will be concluded.

The settlement record will record the covenants, agreements and resolutions reached by the parties to resolve any disputes and reach a final agreement. In addition, it may be necessary to request an extension or extension of existing guarantees to ensure that outstanding obligations are fulfilled after the end of the contract. The ultimate goal is to

reach a full agreement and declare the settlement of the contract in peace and with no outstanding debts.

State contracts must be liquidated within a maximum period of four months. If after this time there is no agreement for the liquidation between the contractor and the entity, the entity has two months to unilaterally liquidate the contract. If the contract has still not been liquidated after this period, the parties have two years to do so by mutual agreement or for the entity to proceed with the unilateral liquidation. This period also corresponds to the period for bringing legal action against the contract.

12.9. Dispute resolution related to Procurement Processes

In Colombia, disputes arising in the Procurement Process, whether during the selection, execution or liquidation of the contract, shall be settled before the contentious-administrative jurisdiction according to the rules defined in the Code of Administrative Procedure and Contentious-Administrative Matters, unless the dispute arises in the execution of the contract and there is an arbitration agreement between the parties.

Prior to going before the administrative judge or arbitration, the parties must try to settle the dispute arising from the execution of the contract through the direct settlement mechanism, or through mechanisms such as conciliation, amicable composition and transaction.

12.10. Appendix - Regulatory framework

STANDARD	SUBJECT
Civil Code	Legal regime applicable to individuals.
Code of Commerce	Legal regime applicable to individuals.
Law 80 of 1993	State Procurement Law.
Law 142 of 1994	Law of domiciliary public services.
Law 143 of 1994	Regime for the generation, interconnection, transmission, distribution and commercialization of electric energy.
Law 1150 of 2007	Modification of Law 80. It is part of the Procurement Statute.
Law 1508 of 2012	Regime of public-private partnerships.
Law 1474 of 2011	Anti-corruption Statute.
Decree Law 019 of 2012	Anti-Trafficking Rule.
Law 1712 of 2014	Law on Transparency and the Right of Access to National Public Information.
Decree 1082 of 2015	Sole Regulatory Decree of the National Planning Administrative Sector.
Decree 103 of 2015	Whereby Law 1712 of 2014 is partially regulated in relation to the management of public information.
Decree 092 of 2017	Whereby the contracting with private non-profit entities referred to in the second paragraph of Article 355 of the Political Constitution is regulated.
Law 1882 of 2018	Whereby provisions are added, modified and issued to strengthen public procurement in Colombia, the infrastructure law and other provisions are issued.
Decree 342 of 2019	Whereby Section 6 of Subsection 1 of Subsection 1 of Chapter 2 of Title 1 of Part 2 of Part 2 of Book 2 of Decree 1082 of 2015, Sole Regulatory Decree of the National Planning Administrative Sector, is added.

STANDARD	SUBJECT
Law 2014 of 2019	Regulating the penalties for those convicted for corruption and crimes against the public administration, as well as the unilateral administrative assignment of the contract for acts of corruption and other provisions.
Law 2069 of 2020	Through which entrepreneurship is promoted in Colombia.
Law 2022 of 2020	Law that endows Colombia Compra Eficiente with the capacity to issue the standard solicitation documents.
Decree 768 of 2020	Measures for the sanitary emergency in concession contracts (art. 4)
Decree 310 of 2021	Whereby Article 41 of Law 1955 of 2019 is regulated, on the conditions to implement the mandatory nature and application of the Price Framework Agreements and Articles 2.2.2.1.2.1.2.2.7. and 2.2.1.1.2.1.2.12. of Decree 1082 of 2015, Sole Regulatory Decree of the Administrative Sector of National Planning are amended.
Decree 438 of 2021	Whereby Chapter 1, Title 2 of Part 2 of Book 2 of Decree 1082 of 2015 is amended.
Decree 579 of 2021	Whereby transitory norms of Decree 1082 of 2015 are substituted.
Decree 655 of 2021	Whereby two paragraphs are added to Article 2.2.2.2.1.2.2 of Decree 1082 of 2015.
Decree 680 of 2021	Whereby Article 2.2.1.1.1.3.1. is partially amended and Article 2.2.2.1.2.2.4.2.9. is added to Decree 1082 of 2015, Sole Regulatory Decree of the National Planning Administrative Sector, in relation to the rule of origin of services in the Public Procurement System.
Decree 1278 of 2021	Whereby Decree 1082 of 2015 is added, in order to define the terms and conditions under which Functional Railway Track Units may be established in rail infrastructure PPP projects.

STANDARD	SUBJECT
Decree 1665 of 2021	Whereby Decree 1082 of 2015 is added in order to create the Decentralization Mission.
Decree 1860 of 2021	Regulation of Law 2069 of 2020 on minimum amount selection process.
Law 2160 of 2021	Amends Law 80 of 1993 to introduce rules regarding contracting processes carried out by Indigenous Councils, Associations of Indigenous Traditional Authorities and Community Councils of Black Communities.
Law 2195 of 2022	The Law on Transparency, Prevention and Fight against Corruption modifies the regime of administrative liability for penalties against legal entities and branches of foreign companies of Law 1474 of 2011.
Decree 442 of 2022	Regulates Article 36 of Law 2069 of 2020 and introduces rules related to public procurement of technology and innovation and calls for innovative solutions.
Decree 1041 of 2022	Whereby Decree 1082 of 2015 is replaced, with the purpose of determining the percentages of increase of the cadastral appraisals for the 2023 period.



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