

2015/SMEWG40/031

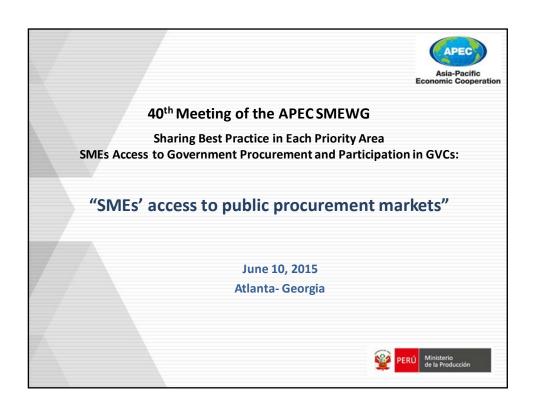
Agenda Item: 13.3.2

Sharing Best Practice in Each Priority Area SMEs Access to Government Procurement and Participation in GVCs: SMEs' Access to Public Procurement Markets

Purpose: Information Submitted by: Peru



40th Small and Medium Enterprises Working Group Meeting Atlanta, United States 10-11 June 2015



"SMEs Expansion of productivity: growth, employment, exports Increasing productivity and reducing productive heterogeneity among firms: 1. Promote to access to government procurement "Compras a MYPERU" National initiative to enhance micro and small firms during the international crisis 2. Promote Productivity: access to financial mechanisms to reduce costs and access to working capital 3. Promote Innovation: access the high technology and financial pilots projects 4. Promote internalization: Currently 50% of inputs are imported MSEs need to import as a group for economic of scale E-Commerce 5. Promote value added to access to government procurement markets Look for sustainability and growth

"SMEs' access to public procurement markets"

Program: "Compras a MYPERU"

MOTIVATION

Description:

- Initiative to acquire directly from micro and small firms (MSE) goods required by public institutions through a special agency that operates as a private institution (not government procurement per se).
- Started in 2009, extended many times, in place until 2016
- A Micro enterprise is classified as so when declaring income less than US\$ 192 thousand annually. A Small Enterprise, less than US\$ 2.2 million annually.

Beneficiaries:

- MSE: footwear, furniture (school tables), clothing, kitchen and kitchen accessories.
- Inputs providers: leather, plastic, wood, iron, cotton, etc.
- Logistics companies: to distribute goods nationally
- Final beneficiaries: Military forces, police, students from public per de la Producció kitchens, hospitals, poorest communities.

"SMEs' access to public procurement markets" **How it Works** SPECIAL AGENCY **Public institutions Public institutions** Requests transfer of funds to Receives goods Hires Logistic company to Schools, Police, Hospitals, etc. the special agency Sends details of goods required deliver them to the receive the goods Public institution Most contracts are between MSF Could request 50% of payment in advance. Produce the goods. Receives payment when delivering goods to Special Agency US\$ 13.000 and US\$ 30.000 Ministry of Industry Between 30 and 70 days to Elaborates on technical details needed to produce the goods by the MSE produce once they receive inputs (depends on kind of good) 5 members: - 3 representatives from the SPECIAL AGENCY Calls, selects and signs contracts with MSE
Calls and selects input
providers
Provides technical assistance to MSE, supervising process public sector: Ministry of industry, Ministry of Social Ministry of Social Inclusion and inclusion Public institution Oversees Special Agency - 1 representative from the MSE - 1 representative from the main guild of industrial companies

"SMEs' access to public procurement markets"

Some advantages versus regular government procurement

- 1. Supervision by special agency is continuous. Goods that do not comply with technical requirements are identified in the process instead that at the end when public institutions receive goods.
- 2. Public institutions have problems acquiring goods through government procurement process:
 - Since preparatory actions start, it could take between 6 and 11 months to concrete large acquisition of goods (such as school tables).
 - Goods are acquired in small quantities and monetary values
- 3. If public institutions don't spend their budgets, budgets return to the Treasury at the end of the fiscal year. Budget transferred to Special Agency remains there.



"SMEs' access to public procurement markets"

Some results: 2009-2015

Budget: US\$ 345 million
MSE participants: more than 11,000
Goods required: more than 15 million

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