Guide to Understand the Framework Agreements
What are the Framework Agreements?

The Framework Agreements are a tool for the State to aggregate demand and to centralize decisions of acquisition of goods, works or services to:

(i) Produce economies of scale;
(ii) Increase the State’s negotiation power; and
(iii) Share costs and knowledge between the different agencies or departments of the State.

The Framework Agreements is a contract between a representative of the buyers and one or several suppliers, which contains the identification of the good or service, the maximum acquisition price, the minimum guarantees and the minimum term of delivery, as well as the conditions through which a buyer can become a party to the agreement. In general, the buyers become party to a Framework Agreements by means of a representation of their commitment to comply with the conditions thereof and the placement of a purchase order for the acquisition of the goods or services set forth in the agreement.

What issues are solved by the Framework Agreements?

Currently the public entities carry out independent procurement processes to acquire the same goods or services, which generates an unnecessary administrative load. This does not allow the State to negotiate as one single buyer and creates different contractual conditions for the acquisition of the same goods or services. The Framework Agreements allow achieving best prices and results, in terms of value for money, as well as to reduce the administrative costs of the procurement process, both for the entities and for the suppliers.
**What Regulation Governs the Framework Agreements?**

Since the enactment of Law 1150 de 2007 the State can utilize Framework Agreements. However, for the exercise of this power it was necessary that the National Government determined the entity in charge of the design, organization and execution thereof. Item 7 of Article 3 of Decree 4170 of 2011 established, among the functions of Colombia Compra Eficiente the design, organization and execution of The Framework Agreements. The function to sign them was given to the Office of the Director General, and Of the Business Unit was in charge of:

(i) The identification and promotion of mechanisms of acquisition and of aggregation of demand; and

(ii) The design, organization and execution of Framework Agreements.

**How is this solution structured in the Framework Agreements?**

**How is it implemented?**

In The Framework Agreements there are two types of transactions: a. Principal operation; and b. Secondary Operation.

a. **Principal Operation**

In the principal operation, Colombia Compra Eficiente must:

(i) Identify the goods and services of uniform characteristics and of common utilization that must be the subject of a Framework Agreements;

(ii) Study the respective market, taking into account the national and international offer, as well as the demand of such goods and services by the public entities, and that the interest thereof is the subject of a Framework Agreements.

Colombia Compra Eficiente must then carry out a procurement process to select the vendor or vendors of the goods or services the subject of a Framework Agreements. This work is done by means of a communications’ campaign so the public entities know The Framework Agreements in place, as well as the goods and services the subject matter of those agreements.
Important Aspects of the principal operation

Colombia Compra Eficiente:

- Does not execute public resources with the signature of The Framework Agreements.
- Does not require a Budget Certificate (CDP) to enter into a Framework Agreements.
- Is the manager of The Framework Agreements.

The use of The Framework Agreements is mandatory for the entities of the executive branch of the public power of the National Level, which are bound under the Public Administration General Procurement Statute. However, it is possible for the Autonomous Bodies and the Legislative and Judicial Branches, as well as for the Territorial Entities, to adhere to The Framework Agreements.

b. Secondary Operation

The Secondary Operation is the transaction carried out by the purchasing public entity, which starts with the identification of a need and the decision to make an expense to satisfy it. Before acquiring uniform characteristics' goods and services, the state entity must verify if there is a Prices' Master Agreement in force for that good and/or service. If there is, it must execute it by sending for those purposes a letter to Colombia Compra Eficiente and by placing the purchase order in the terms established in The Framework Agreements.
What does Colombia Compra Eficiente do within the framework of The Framework Agreements?

- Identification of goods and services of uniform characteristics and frequent use.
- Study of the offer and of the demand of such goods and services.
- Identification, together with the public entities, of the business opportunities for the use of Framework Agreements.
- Design, structuring, negotiation and execution of Framework Agreements.
- Follow–up of the execution of The Framework Agreements.
- Offer of the platform for the use of The Framework Agreements.
- Attention of queries.

Which are the benefits of the application of The Framework Agreements?

- Reduces the number of procurement processes.
- The State acts as one single buyer, unifying terms and conditions for the supply of goods and services for the State.
- Allows the entity to manage inventories with a greater flexibility.
- Liberates time of the public buyer which can be used in the performance of the entity’s mission.
- Helps to obtain a greater value from the public resources.