

NEW LAW THAT MODERNIZES THE PUBLIC PROCUREMENT SYSTEM IS ENACTED

On Tuesday, November 28, the President of the Republic enacted the Law that aims to modernize the Public Procurement System ("Law") which, among other changes, amends Law No. 19,886 of Administrative Supply and Service Agreements ("LCP").

The New LCP seeks to improve the quality of public spending, increases the standards of probity and transparency and introduces circular economy principles in the State purchases.

The main modifications are the following:

New contracting procedures

In addition to expanding the Agile Purchasing and Framework Agreement systems, it incorporates new systems such as Purchase by Quotation, Dynamic Purchasing Agreement, Contracts for Innovation, Competitive Dialogue and Electronic Reverse Auction, as well as other special procedures.

Amendments to the Public Procurement and Contracting Court ("TCP")

- The Law expands the jurisdiction of the Court to include disputes over the execution of public agreements;
- Generates a new procedure and processing of legal actions before the Court; and
- Increases the personnel of the Court.

Strengthening of the Public Procurement and Contracting Department

- The Department may receive complaints and adopt measures to amend purchasing procedures, including: (i) suspension of the procedure; (ii) nullity request before the TCP; and (iii) review before the General Comptroller of the Republic.
- Additionally, it may issue general mandatory instructions, create

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standard contracts, and elaborate clauses of common application.

Expansion of the scope of application of the LCP, probity and transparency in public procurement procedures

- Extends the scope of application of the LCP to new public bodies, including the National Congress, the Judicial Power and foundations in which the Presidency of the Republic participates, among others.
- Expands the use of the Mercadopublico.cl platform and the procedures of the LCP to contracts previously excluded, such as concession contracts and execution of public works.
- Makes registration in the Suppliers Registry mandatory to participate in procurement processes and generates a behavior record for future processes, including the possibility of suspending the supplier for civil conviction in cases of contractual infringement.

Promotion of the participation of small and medium-size companies in public procurement procedures

Transitory Provisions

- The provisions of the Law will enter into force one year after its publication in the Official Gazette, except for those related to probity and transparency, which will enter into force on the day of its publication.
- The regulations referred to in the Law must be issued within a maximum period of 180 days since the publication of the Law.

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