



## Financial arrangements implemented in Korea to support SMEs



Public Procurement Principle: **Balance**



Procurement Stage: **Tendering**



Audience: **Procuring entity, Private sector**

### Description

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PPS, Korea's Central Government Procurement Agency, provides special financial support to SMEs involved in public contracting. SMEs are entitled to an upfront payment of up to 70% of the value of a government contract. For some contracts for goods, including orders against unit price contracts and lump sum contracts for goods valued up to KRW 500 million, or at the request of the end user, the business is entitled to instant payment upon presentation of the invoice. In such cases, payment is made from a PPS special account and then reimbursed by the end user. Although central government entities are entitled to a payment period of up to five days, instant payment allows SMEs to receive payment within as little as four working hours.

*Source:* OECD (2018) Procurement Review of the Chamber of Commerce of Bogotá, Colombia, Aligning best practices with the OECD Public Procurement recommendations <https://www.oecd.org/gov/public-procurement/publications/procurement-review-chamber-commerce-bogota.pdf>

