

PUBLIC PROCUREMENT GUIDELINES FOR SMALL AND MEDIUM ENTERPRISES (SMEs), 2020

In exercising the powers conferred upon the Bureau by section 19 of the Bauchi State Public Procurement Bureau, Law 2020 and all other relevant powers as contained therein; the Bureau hereby makes the following Guidelines:

1. PREAMBLE

The purpose of this guideline is to address the challenges that Small and Medium Enterprises (SMEs) face in participating and winning contracts awarded by **Bauchi** State government by providing solutions to how such challenges/barriers can be overcome by SMEs not only to participate in such contracts but also to be able to submit responsive bids that will lead to award of contracts in the state.

SMEs represent an increasingly important sector of any economy and can be key drivers of its economic growth and employment. As a result of this, it is necessary to encourage and facilitate their participation in public procurement procedures subject to the application of the provisions of the Bauchi state Public Procurement Bureau Law , 2020.

1. SMEs DEFINITION

The classification adopted in the National Policy on Micro, Small and Medium Enterprises is as shown in the table below:

Classification adopted by National Policy on MSMEs:¹

| | SIZE CATEGORY | EMPLOYMENT | ASSETS (n MILLION) (excluding land and buildings) |
|---|----------------------|-------------------|--|
| 1 | Micro enterprises | Less than 10 | Less than 5 MILLION |
| 2 | Small enterprises | 10-49 | 5 – less than 50 MILLION |
| 3 | Medium enterprises | 50-199 | 50 – less than 500 |

For the purpose of this guideline the employment-based classification for medium enterprises will be adopted. Therefore, SMEs will be defined as enterprises employing less than 200 persons.

- The Bureau hereby outlines the following General Selection Criteria as requirements for the SMEs participation in **PUBLIC PROCUREMENTS OF GOODS, WORKS AND SERVICES:**
 - a) Registration under Business name with the C.A.C.;
 - b) Registration with the relevant Bauchi State Agency;
 - c) Evidence of up-to-date Tax clearance;
 - d) Economic and financial standing;
 - e) Technical and professional ability;
 - f) Any other requirements to be stipulated by the Bureau

1. COMMON BARRIERS TO THE PARTICIPATION OF SMES IN PUBLIC PROCUREMENT

The table below contains the most common obstacles faced by SMEs in the procurement process and how they can be overcome.

| OBSTACLES AND PROBLEMS | SUGGESTED SOLUTIONS |
|---|--|
| Value of contracts too high for SMEs to participate due to inability of SMEs to meet financial (cashflow, average turnover) and similar experience requirements | <ul style="list-style-type: none"> • Breakdown the package in lots in quantitative and qualitative terms • The qualification criteria should be relaxed and should be the required minimum for the estimated value of the contract being bided. • SMEs should be encouraged to participate as joint ventures and subcontractors |

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| <p>Tight deadlines for preparation of bids</p> | <ul style="list-style-type: none"> • Increase in the deadlines for the submission of bids especially for complex contracts. |
| <p>Lack of necessary knowledge of the PPL and bidding procedures of the state</p> | <ul style="list-style-type: none"> • Training and workshops should be organized for the SMEs on the bidding procedures for the state including the PPL. |
| <p>Lack of knowledge of bidding opportunities in the MDAs</p> | <ul style="list-style-type: none"> • Bidding opportunities should be published in the state/PPA websites and for states with eProcurement in the eProcurement portal. • Dissemination of all bidding opportunities to the relevant trade groups in the state, for example, the Nigeria Association of Small and Medium Enterprises or similar bodies. |
| <p>High cost of bid preparation including cost of producing paper bids, obtaining the bidding documents and submission of bids to the MDAs</p> | <ul style="list-style-type: none"> • Allow free download of bidding documents from a freely available website • Waive the cost of obtaining bidding document or charge the barest minimum to cover the cost of the preparation of the bidding document • Allow electronic submission of password protected, read-only bids and quotation |
| <p>High cost and difficulty in obtaining financial instruments; bid security, advance payment and performance guaranties.</p> | <ul style="list-style-type: none"> • Waive the requirement for the submission of financial instruments for contracts. • Allow for submission of performance bond declaration in place of bank performance guarantee and advance payment |

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| | declaration form instead of advance payment guarantee. <ul style="list-style-type: none"> • Allow for submission of Bid Securing Declaration instead of Bid Security |
| Insufficient cash flow to implement awarded contracts | <ul style="list-style-type: none"> • Increase advance payment up to 40% of contract amount |

2. COMMON ERRORS OF SMES IN PUBLIC PROCUREMENT PROCEDURES AND HOW TO OVERCOME THEM

In addition to obstacles/barriers faced by SMEs in participating in public procurement contracts, SMEs also commit some errors when they participate in public procurement contracts. Some of these errors and how they can be overcome are listed in the table below:

| Common Errors of SMEs | How to Overcome Errors |
|---|--|
| Failure to follow up on notices of bidding opportunities | Daily monitoring of notices on the states, and/or PPAs’ website or the eProcurement portal (<i>where one exists</i>) |
| Not properly studying the bidding documents requirements including the technical specifications | Special attention should be paid to studying the technical specifications and the requirement of the bidding documents. |
| Failure to request for clarification of bidding documents /untimely submission of the request for clarification | SMEs should take advantage of the PPL which allows bidders to request for clarifications of the bidding document within the time stipulated in the issued bidding document |
| Late submission of Bids | The submission deadline stipulated in the bidding document should be complied with |
| Failure to submit with the bids all requested documentary evidence | Ensure all required evidences to support bid submission are included in the bid. |

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| supporting the requirements of the bidding documents | |
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3. TRAINING OF SMEs ON THIS GUIDELINE

The Bauchi State Public Procurement Bureau will provide training sessions to the SMEs on this guideline to enable them to participate and win contracts in the state. The focus of the training can be on the following:

- Where to find bidding opportunities for contracts to be awarded by the Ministries, Departments and Agencies (MDAs)
- The provisions of the Bauchi state Public Procurement Law
- Preparation of responsive bids. This will include among other topics:
 - How to request for clarifications on the bidding documents
 - Bid preparation and submission including ensuring that bids are responsive to the technical specifications, other requirements of the issued bidding document, and ensuring that all required evidences to support bid submission are included in the bids
 - Common mistakes in bid preparations
- How to request for a de-brief
- Complaint handling mechanism in the state PPL.

4. MONITORING OF SMEs PARTICIPATION

Each MDA will submit to the Bauchi State Public Procurement Bureau the details of contracts awarded by the MDA on monthly basis. The details will be published on the PPA website. The following information will be provided for each contract:

- Description of the contract;
- The names of the bidders;
- The number of persons employed by the bidders; and
- The winning bidder and state if the winning bidder, is an SME.

5. SUBCONTRACTING OPPORTUNITIES AND DIRECT PAYMENT TO SMEs

- For large contracts, an SME may not be in a position to be a prime contractor, performing the whole contract, or even to tender jointly with other economic operators because of its small size, specialization and limited resources. Subcontracting may nevertheless provide good opportunities to SMEs, as they could be perfectly able to perform some of the services or works included in a project. Subcontracting can facilitate the access of SMEs to the public procurement market.
- The procuring entities shall ask prospective tenderers to provide specific information about prospective subcontracting SMEs. The procuring entity shall require tenderers to indicate in their tenders any share of the contract that they may intend to subcontract to SMEs.
- The participation of SMEs as subcontractors in the performance of the contract is without prejudice to the liability of the main contractor for the performance of the whole contract.
- Arrangement may be made by the procuring entity with the consent of the main contractor; where the nature of the contract so allows make a direct payment to the SMEs for services, supplies or works rendered. All arrangements concerning the mode of payments must be expressly set out in the procurement documents.

6. E- PROCUREMENT

E- procurement is a catch-all term for the replacement of paper-based procedures for communications and processing in the procurement process, with procedures based on electronic processing. End-to-end e-procurement means the use of electronic technology and processes, various phases of the procurement process, comprising publication of tender notices, provision of tender documents, submission of tenders and request to participate, evaluation of tenders, notification of awards, ordering, invoicing and payments.

E- procurement can serve as a tool to make procurement more efficient, more effective and more accessible to SMEs. It can also simplify the way in which procurement is conducted, reduce waste, and deliver better procurement outcomes by stimulating competition across the state.

7. SCOPE OF THE APPLICATION

This Guidelines shall apply to all procurements of goods, works and services carried out by the Bauchi State Government, its ministries, departments, agencies, Judiciary, Legislature, state owned universities, Colleges and Local Government Areas whose funding

derives from the state treasury, internally generated revenue, the state share of the Consolidated Revenue Fund and special allocation from the Federal or State Treasury.

This Guideline may be cited as Public Procurement Guidelines for Small and Medium Enterprises (SMEs), 2020.

MADE at Bauchi this 26th day of August 2020.