



GOVERNMENT OF RIVERS STATE OF NIGERIA
Bureau on Public Procurement

GUIDELINES TO INCREASE SME'S PARTICIPATION IN CONTRACT AWARDED
BY THE RIVERS STATE GOVERNMENT

1. INTRODUCTION OR 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 the Rivers 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 Rivers State Public Procurement Law (PPL) of 2008.

2. 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:

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



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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.

3. OVERCOMING COMMON BARRIERS TO THE PARTICIPATION OF SMEs IN PUBLIC PROCUREMENT:

3.1 Many SMEs lack knowledge of bidding opportunities in the MDAs. To address this, announcement of all proposed Contracts/Procurement bids will be made on major media platforms and the website of the Rivers State Bureau of Public Procurement (RSBoPP) at www.rsboPP.rv.gov.ng

3.2 To help improve SMEs knowledge of the State's Public Procurement Law (PPL) and bidding procedures, training sessions and workshops will be organized for SMEs on the States bidding procedures including the PPL.

3.3 To overcome the challenge around value of contracts being too high for SMEs to participate due to inability to meet financial (cash flow, average turnover) and similar experience requirements, Procuring Entity should:

3.3.1 consider breaking down the contract package in lots in quantitative and qualitative terms

3.3.2 consider relaxing the qualification criteria to such a level as to meet the required conditions for the estimated value of the contract being bided.

3.3.3 Encourage SMEs to participate as joint ventures and/or subcontractors

3.4 SMEs should consider carrying out appropriate research and market analysis prior to tendering

3.5 To address difficulties faced from tight deadlines for preparation of bids, the Procuring Entity should increase deadlines for submission of bids especially for complex contracts.

3.6 To mitigate the high cost of bid preparation including cost of producing paper bids, obtaining the bidding documents and submission of bids to the MDAs, the Procuring Entity should:

3.6.1 Allow free download of bidding documents from a freely available website

3.6.2 Waive the cost of obtaining bidding document or charge the barest minimum to cover the cost of the preparation of the bidding document.



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3.6.3 Allow electronic submission of password protected, read-only bids and quotation

3.7 To mitigate the high cost and difficulty in obtaining financial instruments; bid security, advance payment and performance guaranties, the Procuring Entity should:

3.7.1 Waive the requirement for the submission of financial instruments for contracts below N50, 000,000.00 (Fifty Million Naira) only.

3.7.2 Allow for submission of performance bond declaration (See Annexure I) in place of bank performance guarantee and advance payment declaration form (See Annexure II) instead of advance payment guarantee.

3.7.3 Allow for submission of Bid Securing Declaration (See Annexure III) instead of Bid Security

3.8 To address the inability of SMEs to raise sufficient funds to implement awarded contracts, the State may increase advance payments up to 40% of contract amount.

4. OVERCOMING 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 this section.

4.1 Failure to follow up on notices of bidding opportunities, thereby missing out on applying on a timely basis. SMEs should monitor daily, notices on the states, and/or RSBOPP's website.

4.2 Poor understanding of the requirements by not properly studying the bidding documents including the technical specifications. SMEs should pay special attention to reviewing details of the technical specifications and the requirement of the bidding documents. (Training will be provided on this by RSBOPP).

4.3 Failure to request for clarification of bidding documents /untimely submission of the request for clarification. SMEs should take advantage of provisions of the PPL which allows bidders to request for clarifications of the bidding document within the time stipulated in the issued bidding document

4.4 Late submission of Bids. SMEs should do all that is required to comply with the submission deadline stipulated in the bidding document

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4.5 Failure to submit with the bids all requested documentary evidence supporting the requirements of the bidding documents. SMEs should ensure that ALL required evidence to support bid submission are included in the bid. (This will be emphasized during the SME training by the RSBOPP).

5. TRAINING OF SMEs ON THIS GUIDELINE

The RSBOPP will always provide training sessions to the SMEs on this guideline to enable them to participate and win contracts in the state. SMEs are enjoined to always take advantage of this training whenever the training advertisement is published

6. OUTLINE OF PROCUREMENT PROCESS

The following are the steps involved in public procurement process:

- (a) Advertise and solicit for bids
- (b) Receive, evaluate and select winning bid
- (c) Invite two credible persons as observers. One from private sector professional organisation and the other from non-governmental organisation working in transparency, accountability and anti-corruption areas
- (d) Obtain approval of the approving authority before making award
- (e) Debrief the bid losers on request (See Annexure xxx)
- (f) Resolve complaints and disputes if any (See Annexure xxx)
- (g) obtain and confirm the validity of any performance guarantee;
- (h) Execute all Contract Agreements; and
- (i) Announce and publicize the award



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7. MONITORING OF SMEs PARTICIPATION

Each MDA will submit to the RSBOPP the details of contracts awarded by the MDA on monthly basis. The details will be published on the RSBOPP 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
- The winning bidder and state if the winning bidder, is an SME.

The RSBOPP will also provide training to the MDAs on the application of this guideline.

Signed

Director-General

Rivers State Bureau on Public Procurement