



BUREAU OF PUBLIC PROCUREMENT
(DUE PROCESS OFFICE)

GUIDELINES ISSUED BY THE ABIA STATE BUREAU OF PUBLIC PROCUREMENT (BPP)
TO INCREASE SME's PARTICIPATION IN CONTRACT AWARDED BY ABIA STATE
GOVERNMENT.

1. INTRODUCTION.

- 1.1 Small and Medium Enterprises (SMEs) represent an increasing 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 Abia State Public Procurement Law, 2012.
- 1.2 The purpose of this guideline is to address the challenges that SMEs face in participating and winning contracts awarded by Abia 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.

2. SMEs DEFINITION

- 2.1 For the SMEs that wish to participate in contracts in the State, the definition of SMEs, as applicable in Abia State, is the classification adopted in the National Policy on Micro, Small and Medium Enterprises, issued by the Small & Medium Enterprises Agency of Nigeria, is as shown in the table below:

	SIZE CATEGORY	EMPLOYMENT	ASSETS (₦ 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

- 2.2 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. COMMON BARRIERS TO THE PARTICIPATION OF SMES IN PUBLIC PROCUREMENT

All Procurement Entities in the State (i.e. any public body engaged in procurement, including Ministries, Extra-Ministerial Office, Government Agency, Parastatals and Corporations), and all SMEs that wish to

participate in contracts in the State are to take note of the likely obstacles or challenges that may be faced by SMEs in the procurement process. The table below sets out the most common problems and/or obstacles and the suggested solutions.

OBSTACLES AND PROBLEMS	SUGGESTED SOLUTIONS
Value of contracts too high for SMEs to participate due to inability of SMEs to meet financial (cash flow, 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
Tight deadlines for preparation of bids	<ul style="list-style-type: none"> • Increase the time deadlines for the submission of bids especially for complex contracts.
Lack of necessary knowledge of the Public Procurement Law (PPL) and bidding procedures of the State	<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.
Lack of knowledge of bidding opportunities in the MDAs	<ul style="list-style-type: none"> • Bidding opportunities should be published by the Procuring Entities in the Abia State BPP Portal hosted on the State website www.abiastate.gov.ng. • Dissemination of all bidding opportunities by the Procuring Entities to the relevant trade groups in the State, for example, the Nigeria Association of Small and Medium Enterprises or similar bodies, preferably, through the Ministry of Small and Medium Enterprises (MSME), Abia State.
High cost of bid preparation including cost of producing paper bids, obtaining the bidding documents and submission of bids to the MDAs	<ul style="list-style-type: none"> • Allow free download of bidding documents from a freely available website (already provided above). • Waive the cost of obtaining bidding document or charge the barest minimum to cover the cost of the preparation of the bidding document

	<ul style="list-style-type: none"> • Allow electronic submission of password protected, read-only bids and quotation
High cost and difficulty in obtaining financial instruments; bid security, advance payment and performance guaranties,	<ul style="list-style-type: none"> • Waive the requirement for the submission of financial instruments for contracts below a threshold ₦20m • Allow for submission of performance bond declaration in place of bank performance guarantee and advance payment declaration form instead of advance payment guarantee. • 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

4. 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 BPP's or State website or the eProcurement portal.
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. Training will be provided from time to time by the BPP.
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 supporting the requirements of the bidding documents	Ensure all required evidences to support bid submission are included in the bid. This will form part of the SME trainings.

5. TRAINING OF SMEs ON THIS GUIDELINE

The BPP has already, in conjunction with the MSME conducted two trainings for fifty (50) SMEs on participation in public procurement and on this guideline to enable them to participate and win contracts in the State. The focus of the trainings which took place on **Monday 14th September, 2020 and Monday 21st September, 2020**, on the following:

- Where to find bidding opportunities for contracts to be awarded by the Ministries, Departments and Agencies (MDAs)
- The provisions of the State Public Procurement Law
- Preparation of responsive bids. This included 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.

The BPP will continue to engage in these trainings on the PPL and trainings on this Guideline, from time to time, with different groups of SMEs

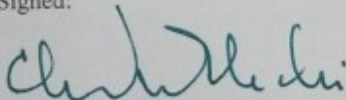
6. MONITORING OF SMEs PARTICIPATION

Each MDA (Procuring Entities) will submit to the BPP the details of contracts awarded by the MDAs on monthly basis. The details will be published on the BPP Portal on the State 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.

ISSUED BY THE ABIA STATE BUREAU OF PUBLIC PROCUREMENT (DUE PROCESS OFFICE), THIS 25TH DAY OF SEPTEMBER, 2020.

Signed:



Chinedum Flechi
(Director General).

