



THE SME GUIDELINES FOR PUBLIC PROCUREMENT IN CROSS RIVER STATE

CROSS RIVER STATE DUE PROCESS AND PRICE
INTELLIGENCE BUREAU

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Cross River State Due Process and Price Intelligence Bureau

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(These Procurement Guidelines being released by Cross River State Due Process and Price Intelligence Bureau give information and guidance on public procurement in Cross River State as it relates to Small and Medium Enterprises (SMEs)

1.0 INTRODUCTION

1.1 Since the outbreak of COVID-19 pandemic globally, the global socio-economic activities have practically grounded to a halt and its impact is felt in all sectors of the economy.

1.2 Many businesses are struggling because of their fragile state and due to their inability to cope with the economic challenges the pandemic had brought, they are more vulnerable than ever before.

1.3 Equally, government activities, particularly procurement had slowed down because of reduced earnings which in turn has impact on the trade opportunities available to SMEs. Accordingly to reduce all technical, administrative and financial burden that may serve as barriers to SMEs in participating in public procurement in Cross River State, it had become imperative for these guidelines to be issued to all Procuring Entities.

2.0 PURPOSE OF THE GUIDELINES

The purpose of these Guidelines is to adapt the existing public procurement procedures in Cross River State to support the increase in participation of SMEs in procurement activities of the State. In other words, these guidelines aim at ensuring that more SMEs do not only have enabling environment to participate in procurement activities of the State, they also have capacity to win due to less stringent procurement rules.

3.0 DEFINITION OF SME



3.1 Based on the National Policy of SMEs developed by Small and Medium Enterprises Development Agency (SMEDAN), SMEs in Nigeria are classified based on dual criteria of size of employment and value of Assets (excluding Land and Buildings) as follows:

Size Category	Employment	Asset (N million) – excluding <i>Land and Building</i> **
Micro	Less than 10	Less than 5
Small	10 -49	5 – less than 50
Medium	49 – 199	50 – less than 500

***where there exist a conflict in classification in employment and assets classification, the employment based classifications will take precedence.*

3.2 To this end, these guidelines shall apply to all firms bidding in Cross River State and fall under any of these classifications.

4.0 SPECIFIC GUIDELINES FOR SMEs in PUBLIC PROCUREMENT IN CROSS RIVER STATE

4.1 Bid Securing Declaration: Procuring Entities shall now accept Bid-Securing Declaration instead of a Bid Security for all SMEs

Bidders shall however use the form included in the Bidding Document for it to be acceptable as Bid Securing Declaration. See Annexure I

4.2 Performance Security: while the Procurement Law had made provision that a Performance Guarantee/security shall be a precondition for the award of any procurement contract upon which any mobilization fee is to be paid, provided however it shall not be less than 10% of the contract value in any case or an amount equivalent to the mobilization fee requested by the supplier or contractor – whichever is higher, SMEs are by this guidelines hereby exempted from this provision.

4.2.1 Accordingly, SMEs can now enter into effective contract with Procuring Entities without a performance guarantee

4.3 Advance Payment: whereas S31(1) had provided as follows: “In addition to any other regulations as may be prescribed by the Bureau a Mobilization fee of not more than 30% for construction works or and not more than 50% for



Supplies may be paid to a contractor or Supplier”, these guidelines hereby exempt all SMEs.

All SMEs shall by this guidelines be allowed to receive a mobilisation fee of 60% for any contract.

4.4 Qualification Criteria

The following guidelines are recommended for Procuring Entity as Qualification Criteria for SMEs:

- I. **Average Annual Turnover-** Average Annual Turnover for SMEs shall be 50% less of the requirement for other classes of Business.
- II. **Cash Flow Requirement** – the cashflow requirements for SMEs shall be 50% less of the requirement for other classes of Business
- III. **Specific Similar Experience** – the specific similar experience required for SMEs as qualification criteria for the procurement shall be 50% less than what is required for other classes of business.

4.5 Registration of Contractors: For all categories of New Registration and Renewal, SMEs shall pay 50% of the approved fee.



Annexure I

Form of Bid-Securing Declaration

[The Bidder shall fill in this Form in accordance with the instructions indicated.]

Date: *[date (as day, month and year)]*

Bid No.: *[number of RFB process]*

To: *[complete name of Procuring Entity]*

We, the undersigned, declare that:

We understand that, according to your conditions, Bids must be supported by a Bid-Securing Declaration.

We accept that we will automatically be suspended from being eligible for bidding or submitting proposals in any contract with the Procuring Entity for the period of time of *[number of months or years]* starting on *[date]*, if we are in breach of our obligation(s) under the Bid conditions, because we:

- (a) have withdrawn our Bid during the period of Bid validity specified in the Letter of Bid; or
- (b) having been notified of the acceptance of our Bid by the (Please mention name of Procuring Entity) during the period of Bid validity, (i) fail or refuse to sign the Contract; or (ii) fail or refuse to furnish the Performance Security, if required, in accordance with the requirements of the Bidding Document.

We understand this Bid Securing Declaration shall expire if we are not the successful Bidder, upon the earlier of (i) our receipt of your notification to us of the name of the successful Bidder; or (ii) twenty-eight days after the expiration of our Bid.

Name of the Bidder* _____

Name of the person duly authorized to sign the Bid on behalf of the Bidder** _____

Title of the person signing the Bid _____

Signature of the person named above _____



Date signed _____ day of _____, _____

A handwritten signature in blue ink, appearing to be "John", is written over two horizontal lines.