

**OYO STATE GOVERNMENT  
BUREAU OF PUBLIC PROCUREMENT**

**GUIDELINES TO INCREASE SME's PARTICIPATION IN PUBLIC PROCUREMENT IN OYO STATE**

*SEPTEMBER 2020*

**1. INTRODUCTION OR PREAMBLE**

The purpose of these Guidelines is to address the challenges that Small and Medium Enterprises (SMEs) face in participating in, and winning contracts awarded by the Oyo State Government by providing solutions to existing challenges and guidance on how such barriers can be overcome by SMEs such that are not only able to participate in such contracts, but also, 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, it is necessary to encourage and facilitate their participation in public procurement procedures in Oyo State subject to the application of the provisions of the Oyo State Public Procurement Law 2010.

**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:<sup>1</sup>**

	<b>SIZE CATEGORY</b>	<b>EMPLOYMENT</b>	<b>ASSETS (₦ MILLION) (excluding land and buildings)</b>
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

For the purpose of these Guidelines, the employment-based classification for medium enterprises will be adopted. Therefore, SMEs are defined as business organisations employing less than 200 persons.

**3. 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.

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<sup>1</sup> National Policy on Micro, Small and Medium Enterprises issued by Small & Medium Enterprises Development Agency of Nigeria.

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"> <li>• Breakdown the package into lots in quantitative and qualitative terms</li> <li>• The qualification criteria should be relaxed and should be the required minimum for the estimated value of the contract.</li> <li>• SMEs should be encouraged to participate as joint ventures and subcontractors</li> </ul>
Tight deadlines for preparation of bids	<ul style="list-style-type: none"> <li>• Increase in the deadlines for the submission of bids especially for complex contracts.</li> </ul>
Lack of necessary knowledge of the Oyo State Public Procurement Law and bidding procedures of Oyo State	<ul style="list-style-type: none"> <li>• Training and workshops should be organized for the SMEs on the bidding procedures for the state including the Public Procurement Law.</li> </ul>
Lack of knowledge of bidding opportunities in the MDAs	<ul style="list-style-type: none"> <li>• Bidding opportunities should be published in the State/BPP websites and on the Oyo State eProcurement portal.</li> <li>• 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.</li> </ul>
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"> <li>• Allow free download of bidding documents from a freely available website</li> <li>• Waive the cost of obtaining bidding document or charge the barest minimum to cover the cost of the preparation of the bidding document</li> <li>• Allow electronic submission of password protected, read-only bids and quotation</li> </ul>
High cost and difficulty in obtaining financial instruments; bid security,	<ul style="list-style-type: none"> <li>• Waive the requirement for the submission of financial instruments</li> </ul>

advance payment and performance guaranties,	for contracts below a threshold of Five Million Naira (N5,000,000.00) <ul style="list-style-type: none"> <li>• Allow for submission of performance bond declaration in place of bank performance guarantee and advance payment declaration form instead of advance payment guarantee.</li> <li>• Allow for submission of Bid Securing Declaration instead of Bid Security</li> </ul>
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#### 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 State's, and/or BPP's website or the Oyo State 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 on this by BPP)
Failure to request for clarification of bidding documents /untimely submission of the request for clarification	SMEs should take advantage of the Public Procurement Law 2010 which allows bidders to request for clarifications of the bidding document within the time stipulated in the issued bidding documents
Late submission of Bids	The submission deadline stipulated in the bidding documents should be complied with
Failure to submit with the bids all requested documentary evidence supporting the requirements of the bidding documents	Ensure all required supporting documents are included in the bid.

## 5. TRAINING OF SMEs ON THE GUIDELINES

The Bureau of Public Procurement (BPP) will provide training sessions to the SMEs on these Guidelines to enable them to participate in public procurement and win contracts in the State. The focus of the training will be as follows:

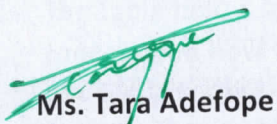
- Where to find bidding opportunities for contracts to be awarded by the Ministries, Departments and Agencies (MDAs)
- The provisions of the Oyo State Public Procurement Law 2010
- Preparation of responsive bids. This will include among other topics:
  - How to request for clarifications on the bidding 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 supporting documents in the bid submission are included.
  - Common mistakes in bid preparations
- How to request for a de-brief
- Complaint handling mechanism in the Oyo State Public Procurement Law 2010.

## 6. MONITORING OF SMEs PARTICIPATION

Each MDA will submit to the BPP the details of contracts awarded by the MDA on a monthly basis. This report on awarded contracts will be transmitted to the BPP in both hard and soft copy. The details will be published on the BPP website and eProcurement portal. 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 BPP will also provide training to the MDAs on the application of these Guidelines.



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