Registry of Suppliers in the Caribbean Countries

por Lorenzo Grant

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<tbody>
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1 Executive Summary

The impact of introducing innovative ICT tools and harmonization of practices in the ways that governments face their procurement activities should not be underestimated. This Caribbean Thematic Task Group (TTG) research reports on findings and opportunities to tailor procurement practices towards boosting the involvement of Micro, Small and Medium sized enterprises (MSMEs) in public procurement. The report documents the research conducted in Jamaica, Barbados, St. Lucia and literature reviews of regional best practices in public procurement for MSMEs.

The research findings are organized in sections that include the analysis of statistical data gathered from contract awarding authorities, and also from interview surveys amongst MSMEs. The report then examines the regional best practices and lessons learned in public procurement from MSMEs, and then the report identifies obstacles to implement best practices in Jamaica and Barbados. The next section presents recommendations based on these findings and conclusion.

The research began with Jamaica and has been done for Barbados. At the time of writing the final report responses from St. Lucia were still pending in many areas. Therefore this report the MSME sample group is confined to findings from Jamaica and Barbados. The report then present the findings from both Caribbean countries, and finally takes into account the perspective from the CARICOM, CSME Unit.

According to the paper “Public Procurement in the CARICOM – A Comparative Assessment”, Hagop Angaladian, Canada (2004) says that “There are no institutions in CARICOM member States with the sole authority for oversight or regulatory functions over public procurement. Instead these functions are shared with those of procurement operational decisions, mostly concentrated within Ministries of Finance”. Ms. Shirley Gale Sinclair, former Senior Director, Procurement Policy Implementation Unit, Ministry of Finance and Planning, Jamaica writes, “IDB Presentation National Procurement System – Jamaica (2010)”, that there is an “Absence of central repository for all procurement statistics” and that there are “Overlapping responsibilities among the Ministry of Finance (MOF), National Contracts Commission (NCC) and Office of Contractor General (OCG)”. As a result actual figures on the composition of MSMEs in the registries of suppliers for Jamaica were not obtained. Requested information was not provided on the size and distribution of government procurement and the relative contributions to local and central government of MSMEs suppliers therefore the extent of MSME participation in the public procurement market in Jamaica was not fully assessed. However it should be noted that for 2009 MSMEs contributed 33% to employment and 32% to GDP. The following general trends were observed for figures received on procurement over the period 2009 – 2011:

- Number of Contracts: The total number of contracts each year was approximately the same. While the total number of central government contracts has been increasing, the total number of local government contracts has been decreasing.
- Value of Contracts: The total value of contracts has been steadily increasing. While the total value of contracts for central government has been increasing, the total value of local government contracts has been decreasing.
- The total number of General Insurance Consulting and General Service contracts has been decreasing while the number of Goods and Works contracts has been steadily increasing.

The official website of the NCC Jamaica states that “The National Contracts Commission (NCC) is an independent anti-corruption Commission which supplements the role and functions of the independent Parliamentary Commission of the Contractor General. Its primary objectives are the promotion of efficiency in the process of the award and implementation of Government contracts and ensuring transparency and equity in the awarding of such contracts. The NCC attains its stated objectives, inter alia, by reviewing and endorsing recommendations for the award of Government
contracts above $10 million (US$100,000) in value, registering and classifying contractors who are desirous of tendering on Government contracts and making recommendations to Cabinet for improving the efficiency of the procedures for the granting and implementation of Government contracts”. Hagop Angaladian’s paper referenced above also states that “Jamaica has established a National Contracts Commission (NCC) and through its Procurement Policy Handbook of 2001 has vested the administrative appeal and the regulatory authority with this Commission. Nonetheless the NCC is also involved in approval of recommendation of award process, which clearly creates a conflict of interest situation as well”.

Where Barbados and St. Lucia are concerned there are without a single organization with full responsibility for public procurement. The function is vested within the Ministries, Departments and Agencies purchasing goods, services and other products under a certain threshold and in the case of Barbados the Central Procurement Department when in excess of threshold. Unlike Jamaica where we were able to obtain some procurement statistics this was impossible to do for both Barbados and St. Lucia. According to the “Summary – Practices and Processes in Barbados’ National Procurement System” there are no formal or standard record keeping practice and each procuring entity keeps different records of the process as they see fit. There exists no process to maintain a database for small value contract and no periodic reports on procurement activities are kept.

The Governments of Barbados, Jamaica and St. Lucia have yet to implement an e-Procurement solution. A technical cooperation was signed between the Governments of Barbados and Jamaica with the Inter-American Development Bank to facilitate the implementation of an Electronic Government Procurement (e-GP) system for Jamaica.

Twelve (12) questionnaire submissions were received from companies in Barbados for this research. Although seventeen (17) submissions were eventually received at the time of compilation for the report only Eleven (11) MSMEs were obtained in time from Jamaica for participated in this research. In Barbados 42% of companies responding and in Jamaica over 50% indicated that their annual public sector sale is between 1-25% annually. All of the Jamaican companies interviewed indicated their geographic location of market is national – business solely in Jamaica while Barbados 58% of the companies had regional or international markets as well. All of the companies interviewed indicated their primary sector for public procurement contract tender is the category: Goods, General Services and Works where it is 67% for Barbados and 83% for Jamaica. All of the companies interviewed indicated the newspaper as the primary source of information on public procurement. The second most effective way is from referrals.

Key among the challenges that may impede MSME access to public procurement includes:

1. Insufficient information about the tender: 66% and 82% of companies interviewed (Barbados & Jamaica respectively) are at times impeded by insufficient information about the tender in their attempt to access public procurement opportunities.
2. Financial requirements such as bank guarantees too onerous: 67% and 91% of companies (Barbados & Jamaica respectively) interviewed feel that onerous financial requirements at times impede their access to public procurement opportunities however in Jamaica 73% feel that this is done with regularity.
3. Perception of preference towards larger suppliers: 55% of companies interviewed feel that sometimes there is a perception of preference towards a larger supplier. As such, access to public procurement opportunities is impeded.
4. Other barriers or problems faced when tendering for public contracts identified by MSMEs:
   a. Government pattern of making untimely payments
   b. Burdensome registration such as providing required compliance documents
   c. Corrupt or unfair practices
   d. Inefficient National Contract Committee (NCC) processes
Key among the suggestions on how to improve MSME access to public procurement includes:

1. Set aside a minimum business activity for MSMEs in each agency procurement budget: 55% of companies interviewed indicated that setting aside minimum business activity for MSMEs in each agency procurement budget would be very helpful in improving their access to public procurement opportunities.

2. Web-enable the National Procurement Registry: 82% of companies interviewed indicated that a web-enabled National Procurement Registry would be very helpful in improving their access to public procurement opportunities.

3. Single central website where national and regional public procurement opportunities are posted with better search facilities and e-mail alerts: 91% of companies interviewed indicated that having a single central website where national and regional public procurement opportunities are posted with better search facilities and e-mail alerts would be very helpful in improving their access to public procurement opportunities.

4. Implementation of E-Procurement system: 73% of companies interviewed indicated that the implementation of an E-Procurement system would be very helpful in improving their access to public procurement opportunities.

5. Other suggestions to improve access to public procurement identified by MSMEs:
   a. Prompt Payments
   b. Eliminate Corrupt practices with transparent selection methods
   c. More efficient National Contract Committee (NCC) processes
   d. More Financial Assistance to MSMEs
   e. Web-enable Regional Procurement Registry

The best practices and lessons learnt from public procurement practices in the LAC Region include:

1. **Providing sufficient information about the tender: Brazil**: The Brazilian government’s e-procurement system (COMPRASNET) is a Web-based on-line procurement system used by all Federal Government procurement units. Brazil’s experience as an electronic procurement pioneer is used by organisations such as World Bank, Inter-American Development Bank, and Organisation for Economic Co-operation and Development as a benchmark system. E-Procurement solutions for countries in the region such as Peru, Guatemala have been modelled after COMPRASNET (John Kucharski, 2009, Procurement in Brazil: Electronic Procurement as Anti-corruption Reform published in The Journal of International Policy Solutions).

2. **Less onerous financial requirements**: Throughout the LAC region the average appears to be a 1 to 5% guarantee, or bond, accompanying a bid and a 10 to 15% guarantee upon acceptance. In a few countries such as Ecuador, a 5% guarantee is required for all government contracts, but the military does not accept insurance guarantees. In other countries such as Nicaragua, guarantees do not appear to be used (A Practical Guide for Assessing and Developing Public Procurement Programmes to Assist SMEs, International Trade Centre UNCTAD/WTO).

3. **Reduce “closed procurement” where selection is often for larger more experienced contractors: Argentina**: Changes in the procurement practices exemplify how procurement practices can be reformed to ease the constraints for SMEs. First, officials set out to eliminate "closed procurements," where only a limited number of companies, normally larger companies with long history and experience providing services with government, were allowed to bid for a contract, and greatly expanded public advertising of upcoming contract opportunities so that SMEs were included. Secondly, officials began using a database of "reference prices." Before awarding a contract, officials check the latest market prices for any product or service and compare it with bid prices to reduce the possibility of bid rigging (A Practical Guide for Assessing and Developing Public Procurement Programmes to Assist SMEs, International Trade Centre UNCTAD/WTO).

4. **Reduce cost of tendering: Mexico**: Although there has been no systematic analysis of this, participation costs for business appear to have fallen, and small and medium enterprises from outside the capital region (Mexico City...
area) have joined in the procurement process. This was listed as one impact of the introduction of the government e-procurement system (Santiago Ibarra Estrada, 2002, eProcurement by Mexico’s Federal Government).

5. **Improve on image and perception: Chile**: International indices clearly show that having an open public contracting e-Procurement system with clear rules improves the country’s image (Gobinero De Chile, Ministerio De Hacienda Strategic Plan 2002-2004).

6. **Prompt Payment: Brazil**: The COMPRASEN system is integrated with the Government financial payment system. Suppliers are guaranteed timely payments on supplies sold to the government.

The following recommendations are based on the findings, in Barbados, Jamaica and to a lesser extent St. Lucia, from meetings with public procurement officials, responses to questionnaires (Barbados & Jamaica) from MSMEs on existing procurement practices, literature reviews, and regional best practices in public procurement from MSMEs. The following measures are suggested to provide relief and stability to MSMEs:

- Recommendation 1: Create a true National Suppliers Registry with standard features for integration into the establishment of a Regional Suppliers Registry.
- Recommendation 2: Expedite efforts to implement the Electronic Government Procurement (e-Procurement) system
- Recommendation 3: Improve Payment Practices and provide more Financial Procurement assistance
- Recommendation 4: Adequately train public sector procurement officers and suppliers particularly MSMEs
- Recommendation 2: National Suppliers Registry to be the central repository of all procurement statistics
- Recommendation 6: National Suppliers Registry to provide classification of all registered suppliers

Bashir Ahmad Fida states in his paper “The Importance of Small and Medium Enterprises (SMEs) in Economic Development” that one of the significant characteristics of a flourishing and growing economy is a booming and blooming small and medium enterprises (SMEs) sector. Small and medium enterprises play an important role in the development of a country. SMEs contribute to economic development in various ways: by creating employment for rural and urban growing labour force, providing desirable sustainability and innovation in the economy as a whole. In addition to that, a large number of people rely on the small and medium enterprises directly or indirectly. According to the United Nations Industrial Development Organization UNIDO, for developing countries, integration into the global economy through economic liberalization, deregulation, and democratization is seen as the paramount way to triumph over poverty and inequality. Important to this process, is the development of an animated private sector, in which small and medium enterprises can play a central role.

This report presents an opportunity for the Governments in the Caribbean to refresh their thinking about doing business with MSMEs. The many Governments are already making good progress to facilitate greater access to public procurement opportunities for MSME. The statistical data, gathered by the research, shows that it is now more crucial than ever to address challenges that may impede MSME access to public procurement.
2 Introduction

The role of Micro, Small and Medium Enterprises (MSMEs) has received focus worldwide because of their social and economic importance. In Latin America and Caribbean (LAC) countries MSMEs supply Governments with a significant percentage of their total annual purchases. Legislation has been changed to deal with major concerns facing MSMEs. Policy and information technology initiatives have also been introduced to promote, develop and enhance the competitiveness of MSMEs. In the Caribbean, public procurement will become an increasing focus of advocates for free movement of people, goods and services under the Caribbean Single Market and Economy (CSME)\(^1\). The effectiveness of these public procurement policy initiatives and adaptions will be determined by how well the individual countries understand their issues. Also, other projects, such as Promoting Caribbean SME Competitiveness in the Caribbean through Technical Standards\(^2\) will complement and further strengthen of these initiatives.

This report examines the statistical data it could obtain from Barbados, Jamaica and St. Lucia on government procurement from MSMEs, literature reviews, and regional best practices in public procurement from MSMEs. Research was conducted to document examples of best practices and lessons learned in procurement from MSMEs (Appendix 5 lists the enterprises that participated in this exercise). Interviews were also conducted to identify obstacles in the current procurement environment that could impede the implementation of these best practices. In addition to the work with the MSMEs, discussions were also held with various organizations responsible for public procurement. Actual figures on the overall value of public procurement secured by MSMEs in these three Caribbean countries were not available.

\(^1\) Article 239 of the Revised Treaty of Chaguaramas obliges Member States to “elaborate a Protocol relating…. to…. Government Procurement” Articles 39, 45, and 79 provide legal context for establishment of a regional Public Procurement regime

\(^2\) Regional project financed by the Inter-American Development Bank Multilateral Investment Fund
2.1 Definition of MSME

Due to the differences in variables such as the size of economies, market composition, and the lack of a common currency it was not possible to use a single definition for MSMEs that was acceptable to all organizations responsible for procurement in the Caribbean countries involved in this research. As such, the definitions utilized in the individual countries were used. However we found that common variables used to define the categories were number of employees, and annual sales turnover.

In Jamaica and Barbados MSMEs are defined by the Ministry of Industry, Investments and Commerce and Ministry of Finance respectively as follows:

Table 2.1.1: Country Definition of MSMEs

<table>
<thead>
<tr>
<th>Country</th>
<th>Enterprise Category</th>
<th>Number of Employees</th>
<th>Annual Sales Turnover (J$ and Bds)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jamaica</td>
<td>Micro</td>
<td>≤ 5</td>
<td>≤ J$10 million (USD100,000)</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>6 – 20</td>
<td>&gt; $10 million ≤ J$50 million (&gt;$100,000 ≤ USD500,000)</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>21 – 50</td>
<td>&gt; J$50 million ≤ J$150 million (&gt;$500,000 ≤ USD1,500,000)</td>
</tr>
<tr>
<td>Barbados</td>
<td>Micro</td>
<td>&lt; 5</td>
<td>&lt; Bds $50,000 (US$25,000)</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>5 – 25</td>
<td>&gt; Bds $50,000 ≤ Bds $2 Million (&gt;$25,000 ≤ US$1 Million)</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>26 – 1000</td>
<td>&gt; Bds $2 Million (&gt;$1 Million)</td>
</tr>
</tbody>
</table>

2.2 Why involve MSMEs in Public Procurement

Published information is generally available on the role of micro, small and medium enterprises (MSMEs) in the Caribbean economy as a whole, but not much specific information was available on public procurement from MSMEs. The information reflects their importance in the socio-economic development of countries across the Caribbean, and often gives the impression that the MSME sector is a nursery of entrepreneurship, often driven by individual creativity and innovation. For developing countries, the social gains from this sector range from poverty reduction, empowerment, and skill enhancement to the encouragement of community-based organizations such as co-operatives.3

"A Practical Guide for Assessing and Developing Public Procurement Programmes to Assist SMEs" by the International Trade Centre UNCTAD/WTO was done to fill the gap in the literature. Among other things, this document identifies and discusses the negative effects of public procurement programmes designed to assist SMEs. However, the following potential positive effects to a government or from a social perspective were identified and discussed:

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3 Private Sector Development Program, April 2008, A Landscape Assessment Of Jamaican Micro Small And Medium-Size Enterprises (MSMEs)
- Increase in competitive base
- Decrease in industry concentration
- Re-mediation of past discrimination and disadvantage
- Promoting equity and fairness
- Promoting social cohesion and mitigating social exclusion
- Equitable distribution of public money
- Potential for job creation
- Balanced regional growth
- Redressing mal-distributions of wealth

The guide also identifies and discusses the following potential positive effects of public procurement programs designed to assist SMEs from the SMEs’ perspective:

- Improved access to large markets
- Technology transfer
- Developing competitiveness for private sector
- Potential large firm linkage
- Breaking through past barriers
- Export development

The greater the number of suppliers allowed to compete in procurement, consistent with the value of the procurement and the applicable procurement method, the higher will be a government’s probability of achieving the best possible value for money. Increased competition brings down costs, improves quality and delivery terms and fosters innovation.4

2.3 Structure of the Report

The report is structured as follows:

<table>
<thead>
<tr>
<th>Section Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 3 – Key Findings</td>
<td>This section presents key findings for Barbados and Jamaica at the country level, and also at the MSME level.</td>
</tr>
<tr>
<td></td>
<td>Key findings at the country level provide statistical analysis of data gathered from awarding authorities on: the registries of suppliers, trends in public procurement, access to information on public procurement, and the use of e-procurement solutions.</td>
</tr>
<tr>
<td></td>
<td>Key findings at the MSME level contains the findings of interview surveys amongst MSMEs on: annual Public Sector Sales, Geographic Location of Market, Annual Participation in Public Procurement, Primary Sector for Public Procurement Contract Tender, Access to Information on Public Procurement, Use of E-Procurement Solutions, Challenges That May Impede MSME Access to Public Procurement, and Suggestions on How to improve MSME Access to Public Procurement.</td>
</tr>
<tr>
<td>Section 4 – Regional Best Practices and Lessons Learned in Public Procurement from MSMEs</td>
<td>This section summarizes the best practices and lessons learnt from public procurement practices in the LAC Region. Information is provided on legislation; key processes and the policy objectives in relation to MSMEs’</td>
</tr>
</tbody>
</table>
The sample countrywide questionnaire and MSME questionnaire are provided in Appendices.

### 2.4 Composition of the Caribbean TTG and MSME Sample Group

Statistical data was gathered on public procurement with specific focus on MSMEs through interviews and discussions with representatives from actual micro, small and medium enterprises, as well as the authorities responsible for public procurement in some Caribbean countries.

#### 2.4.1 Composition of the Caribbean TTG

The CARICOM CSME Unit and all three (3) countries invited to participate in the research accepted the invitation. As such, the composition of the Caribbean TTG includes:

- Jamaica;
- Barbados;
- St. Lucia; and the
- CARICOM CSME Unit.

#### 2.4.2 MSME Sample Group

The sampling strategy employed throughout the survey involved a random selection of MSMEs with experience bidding for public procurement contracts and also those who have been directly contracted. If possible the Junior Researchers were also asked to include MSMEs who have been unsuccessful bidders, and well as those who have never been awarded a contract by any means. The ideal or intended sample size was at least one (1) company and up to a maximum of five (5) in each enterprise category.

Eleven (11) MSMEs participated from Jamaica. For Barbados, there were twelve (12) participants in all. The table below gives a breakdown of the number of companies represented for each country per enterprise category.


## 3 Findings for Jamaica and Barbados

This section presents findings for Jamaica and Barbados at the country level, and also at the MSME level.

### 3.1 Country Level

Findings at the country level provide statistical analysis of data gathered from awarding authorities on: trends in public procurement, access to information on public procurement, and the use of e-procurement solutions. Actual figures on the composition of MSMEs in the registries of suppliers for Jamaica and Barbados were not obtained. In fact, for Barbados, an overwhelming majority of the suppliers contacted were not registered.

#### 3.1.1 Registry of Suppliers

A Suppliers Registry acts as the primary source of information and statistics, where companies will become registered as Government suppliers. Registers include information and documents to show that potential bidders meet the minimum requirements for accessing public contracts, classification and contract awards. The registry forms part of the Suppliers assessment without the Procuring Authority having to request multiple documentary evidence.

Most countries in the region have taken the initiative to implement some form of registration for suppliers. The best practices and lessons learned from these initiatives as well as others, such as the use of e-Procurement solutions, are discussed in Section 4. The variations with the implementations of these registries are discussed here using some examples:

In a few countries, for example Chile, the registry is centralized usually in the ministry of finance. In most countries, there are several registries in addition to a central registry, for example in Nicaragua. In the remaining countries, such as Peru, firms must register with individual ministries. In Colombia, firms must register with the local chamber of commerce to be qualified, classified and rated. In Jamaica, registration is by product or service rather than by ministry; for example all firms selling office supplies to the Government must register with the purchasing department of the ministry of finance. Registration is most commonly limited to certain time enrolment periods, for example, once a year in Uruguay. A few countries have open enrolments. (Source: A Practical Guide for Assessing and Developing Public Procurement Programmes to Assist SMEs, International Trade Centre UNCTAD/WTO)

At the regional level, the CARICOM CSME UNIT has already started the process of implementing a regional Suppliers Registry. This Registry is to be maintained in the form of an electronic notice board with data on procurement activities being fed in from a network of national procurement systems. Business rules\(^5\) such as: eligibility criteria, threshold, and a

\(^5\) These rules are to be agreed by all CARICOM countries.
minimum set of standards for suppliers to appear on the notice board are to be considered in developing this "Template". Each participating country in the region would need to have a national procurement system in place – of which a national Suppliers Registry would be major component. Jamaica for example, would need to centralize the registration of suppliers.

In Jamaica, there is no true formal Registry of Suppliers as there is a lack of a central repository of procurement statistics and that administrative responsibilities are spread across several agencies. The National Contracts Commission (NCC), an oversight body, administers and maintains a national registry of suppliers for Goods and General Services come closest in CARICOM. There is no current listing for the category of consultancy services/contractors.

In Barbados, similar survey was carried out with the officials involved in government procurement. The results were on similar lines with its Central Procurement Department but the entity falls far short of a Registry of Suppliers. There were some interesting facets coming out of the survey as mentioned below.

**Operating Procedures**

The companies submit hard-copy application forms after filling the details. The details are then entered into computer systems (Tender Management System to be more specific) and maintained by the department. The Health department also publishes a list of suppliers

**Eligibility and Qualifications**

Eligibility of a supplier is determined by the credentials he provides in the application form along with sample products. Proof of registration, license of manufacturing etc. form part of the application. Oversee applicants have to tie up with the local agents or distributers in order to be accepted as part of the registration process. The process is rather informal where suppliers get to know via word-of-mouth. Registration process is free. However, there are no special provisions for MSMEs.

There is one bottleneck that exists in the registration process. Product samples provided for evaluation have to be sent to Jamaica to be evaluated. This process is often time-consuming.

**Supplier Security Procedures**

Sureties are requested, except when goods have to be tested prior to payment. Securities can be obtained from banks or insurance companies.

**Maintenance Procedures**

Supplier registration is carried out throughout the year. Once a supplier is in, there is no procedure to remove the supplier. So even if the services or products of a supplier are no longer considered, the supplier remains in the registry. The system produces periodic reports of the suppliers that includes information like date of registration, products, oversees tie-ups etc.
3.1.2 Trend in Public Procurement

The table below shows trends in the quantity and value of public procurement contracts awarded by awarding authorities in Jamaica. Statistics and data available did not distinguish MSME contract awards.

Table 3.1.2a: Trend in quantity and value of public procurement contracts awarded by awarding authority

<table>
<thead>
<tr>
<th>Awarding Authority</th>
<th>Year</th>
<th>Number of Contracts</th>
<th>Dollar Value of Contracts (US$)</th>
<th>Exchange rate</th>
<th>$JA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Government¹</td>
<td>2011</td>
<td>10,192</td>
<td>$168,789,363.71</td>
<td>86.08</td>
<td>$14,529,388,428.00</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>10,037</td>
<td>$158,532,315.01</td>
<td>87.38</td>
<td>$13,852,553,686.00</td>
</tr>
<tr>
<td></td>
<td>2009</td>
<td>9,799</td>
<td>$148,325,721.40</td>
<td>88.49</td>
<td>$13,125,343,087.00</td>
</tr>
<tr>
<td>Local Government⁸</td>
<td>2011</td>
<td>1,149</td>
<td>$7,138,690.37</td>
<td>86.08</td>
<td>$614,498,467.00</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>1,192</td>
<td>$16,511,619.51</td>
<td>87.38</td>
<td>$1,442,785,313.00</td>
</tr>
<tr>
<td></td>
<td>2009</td>
<td>1,529</td>
<td>$20,734,192.08</td>
<td>88.49</td>
<td>$1,834,768,657.00</td>
</tr>
</tbody>
</table>

Conditions of Use, Caveats and Disclaimers

1. This statistical information was sourced from the Office of the Contractor General’s QUARTERLY CONTRACT AWARDS (OCG QCA) current data as at 2012-July-02.⁹

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⁷ Central Government: Statutory bodies, Limited Liability companies, Government Ministries, Governmental Agencies and Departments.

⁸ Local Government: 12 Parish Councils, 1 Municipality and 1 Corporation (The Kingston & St. Andrew Council – KSAC), Jamaica Fire Brigade (JFB), National Solid Waste Management Authority (NSWMA), Office of Disaster Preparedness and Emergency Management (ODPEM), Social Development Commission (SDC)

⁹ A downloadable and searchable Microsoft Excel Spread sheet Database consists of the Quarterly Contract Award (QCA) Report particulars of all contracts that have been reported to date, to the Office of the Contractor General (OCG), by Public Bodies, commencing with Government contracts which were awarded as at May 1, 2006. Contracts of a value of J$275,001 to $10 Million are required to be reported on the OCG's QCA Reports. [http://www.ocg.gov.jm/ocg/searchable_qca.php](http://www.ocg.gov.jm/ocg/searchable_qca.php)

*The information which is submitted by Procuring Public Bodies in their QCA Reports has been certified as accurate by the relevant Public Bodies. Notwithstanding, the OCG does not and will not hold itself responsible for any false, inaccurate or otherwise misleading information which may be contained or represented in a QCA Report. Persons who use this website and the Spread sheet Database, inclusive of Procuring Public Bodies, should note that the OCG has delayed the uploading of the QCA Reports of several Public Bodies pending their satisfactory completion and submission of their QCA Reports in both the required Excel electronic and hard copy formats. Consequently, the absence of a QCA Report or QCA Report information from this website or from the Spread sheet Database in respect of any Procuring Public Body, or the absence of the name of a Procuring Public Body from this website or
2. The Procurement and Asset Policy Unit, Ministry of Finance and Planning makes NO claim that this data is a reflection of ALL Central/Local Government purchases for the years under review: 2009, 2010 and 2011.

Below is a graphical representation of the data presented in the table above.

**Number of Contracts for 2009 – 2011:**

- Total number of contracts is around the same.
- Average is approximately 11,300 contracts per year.
- Total number of central government contracts has been increasing.
- Total number of local government contracts has been decreasing.

**Value of Contracts for 2009 – 2011:**

- Total value of contracts has been steadily increasing.
- Average value of contracts is approximately US$173 million per year.
- Total value of contracts for central government has been increasing.
- Total value of contracts for local government has been decreasing.

The table below shows trends in the number of contracts by nature of contracts awarded by awarding authorities in Jamaica.

**Table 3.1.2b: Trend in number of contracts by nature of contract awarded by awarding authority**

from the Spread sheet Database, will not necessarily mean that the relevant Public Body has failed to submit a required QCA Report to the OCG.
### Number of General Insurance Consulting and General Services Contracts for 2009 – 2011:

- Total number of contracts has been decreasing.
- Average is approximately 3,650 contracts per year.
- Total number of central government contracts has been decreasing.
- Total number of local government contracts has been decreasing.

![General Insurance Consulting and General Services Contracts](chart)

### Number of Goods and Works Contracts for 2009 – 2011:

- Total number of contracts has been steadily increasing.
- Average is approximately 7,650 contracts per year.
- Total number of central government contracts has been increasing.
- Total number of local government contracts has been increasing.

![Goods and Works Contracts](chart)

### 3.1.3 Access to Information on Public Procurement

Having easy access to information on business opportunities in public procurement is very important to MSMEs.

In Jamaica the Office of the Contractor General (OCG) hosts the *Electronic Procurement Notice Board*, which is a site for the posting of tender notices for all government. The OCG also posts a comprehensive list of Government contract...
awards on their website. In addition, a number of procurement agencies post their procurement notices on their 
websites in addition to the print media.

The table below presents the list of information sources used to publish tender opportunities in Jamaica.

**Table: 3.1.3: Information sources are used to publish tender opportunities in Jamaica**

<table>
<thead>
<tr>
<th>Information sources are used to publish tender opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. GOJ Procurement Notice Board</strong></td>
</tr>
<tr>
<td>This is an online procurement database designed for the usage of potential Suppliers, Government registered contractors and the general public. Searches can be conducted using a keyword, category, agency, or required Grade. The system can also generate email notifications to potential Suppliers whenever the notice board is updated with a matching tender.</td>
</tr>
<tr>
<td><strong>2. Local Print Media</strong></td>
</tr>
<tr>
<td>National Newspapers such as The Jamaica Gleaner, The Jamaica Observer</td>
</tr>
<tr>
<td><strong>3. Individual governmental Ministry and agency websites</strong></td>
</tr>
<tr>
<td>Port Authority of Jamaica - <a href="http://www.seaportsofjamaica.com">http://www.seaportsofjamaica.com</a></td>
</tr>
<tr>
<td>Urban Development Corporation - <a href="http://www.udcja.com/tenders">http://www.udcja.com/tenders</a></td>
</tr>
<tr>
<td>The Petroleum Corporation of Jamaica - <a href="http://www.pcj.com">http://www.pcj.com</a></td>
</tr>
<tr>
<td><strong>4. United Nations Development Business (UNDB website)</strong></td>
</tr>
<tr>
<td>International advertisement of GOJ procurement opportunities on an online procurement notice board. This essentially increases the visibility of projects, publication of tenders and contract awards reaching a wide pool of qualified bidders and development partners.</td>
</tr>
<tr>
<td><strong>5. Tender Notice postings for works on the Procuring Entity’s website and electronic notice board</strong></td>
</tr>
<tr>
<td><strong>6. Tender Notice postings at National Works Agency’s Parish Office and Parish Council Office Notice Board</strong></td>
</tr>
</tbody>
</table>

The frequency of these publications depends on the need for procurement. Procurement opportunities are posted by the individual procuring entities.

**3.1.4 Use of E-Procurement Solutions**

E-Procurement is the use of ICT tools to electronically implement the purchase of services, goods and works. While E-Procurement is a general term that covers a wide assortment of techniques, such as reverse auctions, its overall goal is to streamline the purchasing process. This implementation is typically done using the Internet to make it easier, faster, and less expensive for the procurement cycle to be completed. For the purposes of this document, the procurement cycle involves the purchase by Governments from businesses.

The following are the major components of a standard e-Procurement solution for Government:

- **Vendor/ Supplier Management**: Facilitates a single interface for the registration of all suppliers who intend to do business with the Government.
- **Indent Management**: Facilitate online creation of the works and goods indents and estimates in standardized/customized formats for approval.
- **E-Tendering**: Facilitates creation of online tender notification & document and its publishing, online bid submission, opening, evaluation & shortlisting.
- **Contract Management**: Facilitates issuance of electronic work orders/purchase orders, and updating of Measurement Book, progress of work, etc.
- **Catalogue Management**: Facilitates management of new and concluded rate contracts.
- **E-Payment**: Facilitates and manages online payments of tender documents, bid submission fees, payments to contractors/vendors etc.
- **Management Information System**: Facilitates integration with other modules in order to generate reports from all functional modules.

A technical cooperation was signed between the Government of Jamaica and the Inter-American Development Bank (IDB) to facilitate the implementation of an Electronic Government Procurement (e-GP) system for Jamaica. e-GP will be a single government e-procurement portal through which government will conduct on-line tendering.

While Barbados had entered into an IDB funded consultancy (2009) to plan e-GP implementation, currently ICT is not significantly used in that regard. Most of the application for a tender is via application forms. Some suppliers send their bids via CD. The drugs department does maintain the list of vendors in electronic system, the next steps needs to be implemented. Some form of scoring mechanism needs to be put in place that will help both the suppliers as well as the government.
3.2 At the MSME Level

Findings at the MSME level were obtained via interview surveys amongst MSMEs on: annual Public Sector Sales, Geographic Location of Market, Annual Participation in Public Procurement, Primary Sector for Public Procurement Contract Tender, Access to Information on Public Procurement, Use of E-Procurement Solutions, Challenges That may Impede MSME Access to Public Procurement, and Suggestions on How to improve MSME Access to Public Procurement.

In Barbados, survey was carried out for twelve (12) suppliers. An overall snapshot of the twelve participating suppliers in terms of their characteristics is as shown below.
3.2.1 Annual Public Sector Sales

Jamaica
Of the companies interviewed:

- Over 50% indicated that their annual public sector sale is between 1-25% annually.
- One (1) company has over 75% annual public sector sales.
- Two (2) companies have no annual public sector sales.

Barbados
Unlike the survey results of Jamaica, the result in case of Barbados was quite inconclusive. An overwhelming (58%) of the respondents left the question un-anwered. The remaining 42% indicated that they had 1-25% of annual public sector sales.

3.2.2 Geographic Location of Market

Jamaica
- All of the companies interviewed indicated their geographic location of market is national – business solely in one country.
- None with a market in the region.
- None with a global market.

Barbados
Twelve suppliers were asked about their geographies of operations. The number of total responses however were overlapping. There were three suppliers which worked in multiple geographies.

- Nine indicated their geographic location of market is national – business solely in one country.
- Four entities had business in more than one Caribbean country
- Two companies operated both at Regional and International level
- One particular supplier operated at all the three levels.

3.2.3 Annual Participation in Public Procurement

Jamaica
- The number of times companies participate in public procurement per annual varies. This variation is irrespective of the size of the enterprise.
- Of the micro enterprises interviewed, one company indicated 30 times for the year, while the others indicated 10 times per year or less.
- All small enterprises indicated between 5 – 10 times per year.
- The medium enterprise participates 20 times per year.
Barbados

- Of the twelve companies surveyed, as many as eleven have indicated that they participate in the Governmental contracts.
- Only two have indicated that they do not participate.
- Of the micro enterprises interviewed, one company indicated once a year, while the other indicated twice a year.
- Two of the small enterprises that they participated once years while the other two indicated that they participated three to five times a year.
- One medium enterprise participates once a year while the other participated more than six times a year.

3.2.4 Primary Sector for Public Procurement Contract Tender

Jamaica

- All of the companies interviewed indicated their primary sector for public procurement contract tender is the category: Goods, General Services and Works.
- Two (2) companies indicated that General Insurance Services is also their primary sector.
- None of the companies indicated Consulting Services as their primary sector for public procurement contract tender.

Barbados

- The suppliers in the survey incidentally came from a wide range of sectors and were participating in the government contracts.
- Five or 39% were applying for procurement in the General Service sector.
- Consulting Services formed the primary sector for 2 companies.
- Works (construction) was the primary sector for 3 companies.
- None of the companies indicated Goods as their primary sector for public procurement contract tender.
- Three of the suppliers did not answer the question.

3.2.5 Access to Information on Public Procurement

Knowledge of Information Source for Public Procurement

Jamaica

- All of the companies interviewed are aware of newspaper as the source of information on public procurement.
- In addition to newspaper, most other companies get referrals.
- None of the companies interviewed is aware of...
Barbados

The survey asked the suppliers on the medium by which they got the information about government tenders

- Majority of the companies indicated that they were aware of the government tenders through newspaper
- Referrals appeared to be the second most popular source of information
- Companies are not aware of publications through website and Government publications
- Nine of the surveyed companies are following Government Contracts through multiple channels

Frequency of Checking Public Procurement Information Source

Jamaica

- **Procuring Entity:** The frequency of checking procuring entities varied from regularly as indicated by one company, to bi-weekly as indicated by another company, to monthly as indicated by two companies, to occasionally as indicated by another two companies, infrequently as indicated by one company.

- **Website:** Of the three companies that indicated knowledge of website, one company checks infrequently, another daily, and the other receives immediate email notifications whenever the notice board is updated with a matching tender.

- **Newspaper:** All eleven (11) companies check Sunday and Wednesday editions of the Gleaner weekly. 6 of the 11 companies check the Wednesday Observer weekly.

- **Government Publication:** None of the companies check Government Publication.

- **Referral:** All eleven (11) companies indicated that they are contacted by representative in the Procuring Agency whenever a tender opportunity becomes available.

- **Other:** One (1) company indicated that Parish Council notice boards are checked each month.

Barbados

- **Procuring Entity:** Procurement Agencies is not a popular channel among the surveyed companies. While one company indicated that they check with the agency twice a month, another company indicated that the procurement agency contact them.

- **Website:** The only company that indicated knowledge of website, checks on a weekly basis.

- **Newspaper:** Six (6) companies check newspapers on a daily basis while three indicate that they check on a weekly basis.

- **Government Publication:** Only one company checks Government Publication on a daily basis.

- **Referral:** Suppliers who are banking on the Referral route are contacted by the department. These suppliers bank on their contacts who inform them as and when the tenders come out.
Availability of National Public Procurement Information Sources

**Jamaica**
- 46% of companies agree that information about national public tender opportunities is available to me in a timely manner.
- 9% of companies fully disagree that information about national public tender opportunities is available to me in a timely manner.
- 27% of companies were neutral regarding timeliness of information about national public tender opportunities.

**Barbados**

As part of the survey opinion was sought on the availability of national level tenders
- 25% of companies agree that information about national public tender opportunities is available in a timely manner.
- 41% of companies were neutral regarding timeliness of information about national public tender opportunities.
- 17% of the companies felt that the information was not available in a timely manner. Some of them even felt that the information was merely an eye-wash.
- 17% did not answer the question
Availability of Regional Public Procurement Information Sources

Jamaica
- 55% of companies disagree that information about regional public tender opportunities is available to me in a timely manner.
- 27% of companies fully disagree that information about regional public tender opportunities is available to me in a timely manner.
- 18% of companies were neutral regarding timeliness of information about regional public tender opportunities.

Barbados
A similar opinion was sought on the availability of regional level tenders.
- None of the suppliers agreed that regional tenders are available in a timely manner.
- 8% of companies disagree that information about regional public tender opportunities is available to them in a timely manner.
- 42% of companies were neutral that information about regional public tender opportunities is available to them in a timely manner.
- 50% of companies did not answer the question regarding the timeliness of information about regional public tender opportunities.

3.2.6 Challenges That May Impede MSME Access to Public Procurement

Insufficient information about the tender

Jamaica
- 82% of companies interviewed are sometimes impeded by insufficient information about the tender in their attempt to access public procurement opportunities.
- 9% of companies are regularly impeded by insufficient information about the tender.
- 9% of companies are never impeded by insufficient information about the tender.
Barbados

- 25% of companies are regularly impeded by insufficient information about the tender.
- 41% of companies interviewed are sometimes impeded by insufficient information about the tender in their attempt to access public procurement opportunities.
- 17% of companies are never impeded by insufficient information about the tender.
- 17% of the companies did not answer the question.

Insufficient time to prepare a tender

Jamaica

- 46% of companies interviewed feel that insufficient time to prepare a tender sometimes impedes their access to public procurement opportunities.
- 27% of companies are regularly impeded by insufficient information about the tender.
- 27% of companies are never impeded by insufficient information about the tender.

Barbados

- 25% of companies are regularly impeded by insufficient information about the tender.
- 41% of companies interviewed are sometimes impeded by insufficient information about the tender in their attempt to access public procurement opportunities.
- 17% of companies are never impeded by insufficient information about the tender.
- 17% of the companies did not answer the question.
Technical qualification criteria too high

**Jamaica**
- 46% of companies interviewed feel that high technical qualification criteria never impede their access to public procurement opportunities.
- 36% of companies are sometimes impeded by technical qualification criteria that are too high.
- 18% of companies are regularly impeded technical qualification criteria that are too high.

**Barbados**
This question was not put to the suppliers in Barbados

Financial requirements such as bank guarantees too onerous

**Jamaica**
- 73% of companies interviewed feel that onerous financial requirements regularly impede their access to public procurement opportunities.
- 18% of companies are sometimes impeded by financial requirements that are too onerous.
- 9% of companies are never impeded by onerous financial requirements such as bank guarantees.

**Barbados**
- 17% of companies interviewed feel that onerous financial requirements regularly impede their access to public procurement opportunities.
- 50% of companies are sometimes impeded by financial requirements that are too onerous.
- 16% of companies are never impeded by onerous financial requirements such as bank guarantees.
- 17% of the companies did not answer the question.
‘Paper work’ requirements of tenders too onerous

**Jamaica**
- 37% of companies interviewed feel that onerous paper work requirements sometimes impede their access to public procurement opportunities.
- 36% of companies are impeded regularly by paper work requirements that are too onerous.
- 27% of companies are never impeded by onerous paper work requirements.

**Barbados**
- 41% of companies interviewed feel that onerous paper work requirements sometimes impede their access to public procurement opportunities.
- 25% of companies are impeded regularly by paper work requirements that are too onerous.
- 17% of companies are never impeded by onerous paper work requirements.
- 17% of the companies did not answer the question.

Closed procurements with emphasis on experience in selection of contractors

**Jamaica**
- 37% of companies interviewed feel that sometimes over-emphasis on experience in selection of contractors impedes their access to public procurement opportunities.
- 36% of companies are impeded regularly by over-emphasis on experience in selection of contractors.
- 27% of companies are never impeded by over-emphasis on experience in selection of contractors.

**Barbados**
This question was not asked to the suppliers in Barbados
High cost of tendering

Jamaica
- 55% of companies interviewed feel that sometimes high cost of tendering impedes their access to public procurement opportunities.
- 36% of companies are never impeded by high cost of tendering.
- 9% of companies are regularly impeded by high cost of tendering.

Barbados
- 8% of companies interviewed feel that high cost of tendering regularly impedes their access to public procurement opportunities.
- 59% of companies interviewed feel that high cost of tendering sometimes impedes their access to public procurement opportunities.
- 8% of companies are never impeded by high cost of tendering.
- 25% of the companies did not answer the question.

Perception of preference towards larger suppliers

Jamaica
- 55% of companies interviewed feel that sometimes there is a perception of preference towards a larger supplier. As such, access to public procurement opportunities is impeded.
- 36% of companies are regularly impeded because of the perceived preference towards a larger supplier.
- 9% of companies feel they are never impeded because there is a perception of preference towards a larger supplier.
Barbados

- 17% of companies are regularly impeded because of the perceived preference towards a larger supplier.
- 33% of companies interviewed feel that sometimes there is a perception of preference towards a larger supplier. As such, access to public procurement opportunities is impeded.
- 33% of companies feel they are never impeded because there is a perception of preference towards a larger supplier.
- 17% of the companies however did not answer the question.

Other barriers or problems faced when tendering for public contracts identified by MSMEs

- **Pattern of making untimely payments:** Supplier companies spoke about slow and lengthy pay-out practices. Their comments included:
  - Government often takes too long to pay-out suppliers, leading to a consistent and cyclical lack of funds which prevents diminishes the MSMEs’ financial profile and competitiveness in successfully bidding for other lucrative tenders.
  - Government’s slow and lengthy pay-out period when dealing with successful contractors.
  - Government often disperses purchase orders to successful contractors and this is inconvenient as the goods needed for that particular winning contract are purchased beforehand, leading to a shortage of MSME’s available funds. With most of the MSME’s available funds tied up in a single particular contract, this entity is unable to pursue tendering on other lucrative contracts.
  - Double-standards: Penalties are charged for suppliers’ late delivery of goods but Government faces no penalties for its late payments and late invitations to bid.

- **Corrupt practices:** Supplier companies particularly in Jamaica spoke about corrupt practices. Their comments included:
  - Corruption is rife in public procurement: Emergence of bid-rigging as a mechanism of collusion in public contracts shuts out MSME owners as larger suppliers subtly use cover bidding, bid allocation, bid suppression, market allocation and bid rigging to gain public contracts.
  - Corruption is rampant in the system: overbidding, underbidding, collusion and outbidding are commonplace practices among larger suppliers used to win bids.
  - Illegality in Procurement: Proper procurement procedure, laws, regulations and processes are often not adhered to in the bidding process.

- **Inefficient National Contract Committee (NCC) processes:** Survey outcome in Jamaica saw 4 of 11 companies speak about NCC. Their comments included:
  - NCC certification process and renewal for already registered contractors is too lengthy. During the waiting period for NCC renewal, MSMEs often forfeit submission of available contracts.
  - In the catering industry: all operators are required to have a food handlers’ permit to get NCC certified. However the process of being awarded one’s food handler’s permit is very lengthy. Although interim certification is often provided by the relevant authorities in lieu of the actual receipt of the food handler’s permit, this interim certification is not accepted in most tendering processes.
Unavailability of any forum/platform to discuss proposal; Limited opportunities: Their comments included:
- No forum to discuss contract proposal
- Mostly we are not aware of tender opportunity

Connections with authorities rather than merit helps secure the tender:
- Opportunities are limited, big companies know insight and have connections, they know people and have the money, when you are new or small your contacts are limited sometimes and people don’t want to give you info or a chance and say things to throw you off….different responses.

Perception that big companies can get the work done while small companies will fail:
Especially in Barbados, this appeared to be a big concern. Six of twelve suppliers feel that the field is loaded in favour of oversee companies. Among the local companies, the big and established ones get a favourable treatment. The worst situation (as mentioned by one MSME) is when the big companies take the contract, outsource it to local suppliers and then exploit them. Their comments included:
- The actual costs are hidden sometimes especially for a small man, other bigger people can quote differently and will look like we are charging too much and they can afford to bring in things, they can bring it in cheap and big mark up and they put in charges in the maintenance but people question the small man price.
- Larger ones use the small people sometimes and give them a little something and people don’t know this but they go to the big ones not knowing they (the big companies) call us to help diagnose something or do a part of the contract... but we are not good enough to get the initial work
- Another problem, small companies tend to be hired by big companies but big companies tend to pay you when you feel like and how etc., all now I have big company in court they believe that because we are a new business they make you wait and feel you don’t know and have an attitude like you need me so wait and get paid.
- Perception of overseas company and people from the ‘developed’ world, foreign accent they get through but locals cannot do the job and should not be paid equivalent to overseas companies.
- There is a white and black Barbados one where there is a big boys club and all doors open and the other where everything is hard, when you have immediate access to cash it helps even if you don’t have a structure/skills, conditions and pre-conditions to help some and not others.
- A perception of preference towards larger suppliers- depends on the company and individual some people like the attention to detail that we give some people like that small and individual attention more but for bigger events they feel more comfortable with larger companies they think they can handle it better

Penalties on failure to meet schedule:
- Penalties incurred on late or work pushed back which can range from $250 a day to $700 etc. which may not be all the fault of the company but persons may argue that they had to struggle and that is how things go.

Other comments on barriers included:
- 5 year minimum requirement for business ownership is a major deterrent.
- The consistent failure of MSMEs to secure/win government bids often leads to a demotion in their grade standing with the registry. That is: the higher grade standings which carry more lucrative contracts are withdrawn from these unsuccessful bidders significantly reducing their corporate image, profitability and competitiveness.
Request for tender and scope of work are often unclear. This results in low value bid submissions eventually winning the contract as quotations are made by persons who do not fully understand the scope of work due to their lack of technical expertise. This compromises value for money in procurement.

3.2.7 Suggestions on How to improve MSME Access to Public Procurement

Set aside a minimum business activity for MSMEs in each agency procurement budget

Jamaica

- 55% of companies interviewed indicated that setting aside minimum business activity for MSMEs in each agency procurement budget would be very helpful in improving their access to public procurement opportunities.
- 27% of companies indicated set aside a minimum business activity for MSME in each agency procurement budget would be helpful.
- 9% of companies indicated set aside a minimum business activity for MSME in each agency procurement budget is unlikely to be helpful.

Barbados

- 41% of companies interviewed indicated that setting aside minimum business activity for MSMEs in each agency procurement budget would be very helpful in improving their access to public procurement opportunities.
- 25% of companies indicated set aside a minimum business activity for MSME in each agency procurement budget would be helpful.
- 17% of companies indicated set aside a minimum business activity for MSME in each agency procurement budget is unlikely to be helpful.
- 17% of the companies did not answer the question.

Remove requirement for bid and performance security on contracts

Jamaica

- 46% of companies interviewed indicated that removing requirement for bid and performance security on contracts is unlikely to be helpful in improving their access to public procurement opportunities.
- 27% of companies indicated that removing the requirement for bid and performance security on contracts would be very helpful.
- 18% of companies were neutral to this suggestion for improving MSME access to public procurement.

Barbados
This option was not provided to the supplier of Barbados

Web-enable the National Procurement Registry

Jamaica
- 82% of companies interviewed indicated that a web-enabled National Procurement Registry would be very helpful in improving their access to public procurement opportunities.
- The other 18% of companies interviewed indicated that the web-enabled National Procurement Registry would be helpful in improving their access to public procurement opportunities.

Barbados
- 25% of companies indicated that putting the National Procurement registry online would be very helpful.
- 50% of companies interviewed indicated that putting the National Procurement registry online is unlikely to be helpful in improving their access to public procurement opportunities.
- 8% of companies were neutral to this suggestion for improving MSME access to public procurement.
- 17% of the companies did not answer the question.

Single central website where national and regional public procurement opportunities are posted with better search facilities and e-mail alerts

Jamaica
- 91% of companies interviewed indicated that having a single central website where national and regional public procurement opportunities are posted with better search facilities and e-mail alerts would be very helpful in improving their access to public procurement opportunities.
- The other 9% of companies interviewed indicated that a single central website where national and regional public procurement opportunities are posted with better search facilities and e-mail alerts would be helpful in improving their access to public procurement opportunities.
Barbados
This option was not provided to the suppliers of Barbados

Web-enable the National Procurement Registry

Jamaica
This option was not provided to the suppliers of Jamaica

Barbados

- 25% of companies interviewed indicated that a web-enabled National Procurement Registry would be very helpful in improving their access to public procurement opportunities.
- 67% of companies interviewed indicated that the web-enabled National Procurement Registry would be helpful in improving their access to public procurement opportunities.
- The remaining 8% of companies interviewed indicated that the web-enabled National Procurement Registry would unlikely be helpful in improving their access to public procurement opportunities.

Training to assist you in the preparation of public procurement tenders

Jamaica

- 55% of companies interviewed indicated that training to assist you in the preparation of public procurement tenders would be very helpful in improving their access to public procurement opportunities.
- The other 45% of companies interviewed indicated that training to assist you in the preparation of public procurement tenders would be helpful in improving their access to public procurement opportunities.

Barbados

- 42% of companies interviewed indicated that training to assist you in the preparation of public procurement tenders would be very helpful in improving their access to public procurement opportunities.
- The other 42% of companies interviewed indicated that training to assist you in the preparation of public procurement tenders would be helpful in improving their access to public procurement opportunities.
- 8% of the companies felt that training might not help
- 8% did not answer the question
Implementation of E-Procurement system

Jamaica
- 73% of companies interviewed indicated that the implementation of an E-Procurement system would be very helpful in improving their access to public procurement opportunities.
- 18% of companies interviewed indicated that the implementation of E-Procurement system would be helpful in improving their access to public procurement opportunities.
- The other 9% of companies interviewed were neutral.

Barbados
- 17% of companies interviewed indicated that the implementation of E-Procurement system would be helpful in improving their access to public procurement opportunities.
- 67% of companies interviewed indicated that the implementation of an E-Procurement system would be very helpful in improving their access to public procurement opportunities.
- The other 8% of companies interviewed were neutral to this suggestion.
- The other 8% of companies did not answer this question.

Other suggestions to improve access to public procurement identified by MSMEs
- **Prompt Payments.** Comments made by MSMEs included:
  - Adequate and quick dispersion of government funds to successful bidders/contractors in substantial part payments prior to project start date.
  - Have a more structured system of paying suppliers so they can have an adequate cash flow to support the successful completion of projects
- **Eliminate corrupt practices.** Comments made by MSMEs included:
  - Try to erase corruption in the system: prevent larger suppliers from getting contracts after overbidding, underbidding and colluding.
- Since the larger contractors are underbidding for far below the Quality Standard estimate, a system should be implemented whereby submitted bids which fall far below the Quality Standard estimate e.g.: 5% below QS, should be automatically disqualified and rendered ineligible to successfully secure that contract being bid on.

- Invitations to tender for very technical, speciality areas such as land surveying should be disseminated to skilled professional associations. For example: The Land Surveyors Association of Jamaica, to capture the most eligible and technically sound bidders who are more likely to quote contract value based on their expertise, instead of solely underbidding to win a contract award.

- Suppliers should bid with a pre-assigned identification number and not their company name to ensure transparency, prevent bias of selection larger contractors and therefore ensure a more equitable, impartial and incorrupt procurement system.

**More efficient Suppliers Registry or specifically for Jamaica the National Contract Committee (NCC) processes:**

- NCC renewal process is too long: for registered contractors seeking renewal of certification the waiting period must be expedited and less stringent.

- Government should lengthen the timeframe for renewing NCC certification. That is: Change it from a 1 year to 2 years renewal timeframe.

- Government should update the NCC database regarding NCC certification and renewal; therefore the 21 day period for pricing could be used by supplier to engage in pre-qualification – lessening the time wasted.

**More Financial Assistance to MSMEs**

- Government should stand security with the banks regarding required financial/bank guarantees and collateral for MSMEs, who often lack adequate financial resources for obtaining them.

- Government should provide for financial assistance to stimulate the MSME sector.

- Provide more funding to assist MSMEs

- MSMEs should be given more tax incentives. Their operating costs are often too high to the point of minimal annual profits and since they collectively employ more people than larger contractors, due consideration should be given to their role in creating employment for the masses.

- Government must raise the bid value of J$250,000 (US$2,500) Tax Compliance Certificate (TCC) requirement threshold for bidder eligibility. That is: Almost all micro and some small suppliers in Jamaica do not earn enough to be above the income threshold where income tax compliance is certified by the government. These MSMEs are restricted from participating in bids with values above J$250,000. Their claim is that many times, MSMEs are capable being successful in bids with more value and this is an unfair financial constraint. If the threshold is raised, more MSMEs will be able to earn more to satisfy their accounting income threshold to obtain a TCC and be eligible for more bids.

**Web-enable Regional Procurement Registry**

- Government to launch/ facilitate a regional website to advertise tenders available within the Caribbean region and provide sensitization/awareness campaign to procurement laws within other Caribbean jurisdictions.

**Other comments on suggestions included:**

- Procuring entities should be provided with an up-to-date database or referral listing of suppliers specific to their fields of expertise/speciality to.

- Lessen time wastage in the tender process, screen the most eligible contractors and cut/eliminate advertising costs of tenders.

**Move from contact-centric to process-centric**
- It is who you know that’s the problem in our society. To get jobs though it could be by chance, knowing someone or you do a good job and they like you and call you back.

- **Proper classification based on the relevant standard**
  - The website would be helpful business opportunities and the government department as well as anything in the region but we have to make certain provisions since small here does not mean small in another country and so size and classifying is important.

- **Web-enable Regional Procurement Registry**
  - Web-enabling the tendering will certainly help in the dissemination of information.
  - However, there are groups and companies where computers and scanners are not widely prevalent.
  - Also, the process of advertising in the newspaper is still relevant as it is the most accessed medium.
  - There is an advantage to have a central website, but the search should clearly indicate whether the tender is national or regional.
  - Maybe a regional tender website put up, so all government agencies/ministry tender which are available would put it there on that site, I could go on that website and not have to buy a paper or the Sunday and if you are cash strap that maybe a waste to some people because I can read something online on Nation news.

- **Create one single portal for information dissemination**
  - There is no such information space or single information space that can give you the information although people are friendly at these institutions information is not always willingly given.
  - There are many entities and more being created; one space should be available where you can get information on all. The e-procurement is good if given training and assisted with personnel and resources/money to use it.

- **Organize Fairs, camps, training programs etc. for the MSMEs:**
  - More trade fairs but make them specifically for fresh entrepreneurs so that will narrow down eligibility.
  - Sponsor trade fairs specifically for MSMEs to have stalls, show products and services, give out samples obviously something not too expensive for entrepreneurs to participate.
  - Trainings for new entrepreneurs need to be structured.

- **Close monitoring:**
  - CSME should be more visible. People cannot value the CSME unless there is a more “physical” presence, and then CSME can replicate everything that is physical to the website.

- **Ensure level playing field:**
  - Resources are not available to or for the MSMEs, so there should be special access for smaller not bigger companies.
  - Had an experience where local MSMEs were used but proper resources were not provided hence work was sub-standard then larger companies were used from overseas and given all the resources (millions of dollars) for coverage contracts. The result was depending on classification large companies from abroad can get the benefits and local MSMEs can get the short end of the stick.
4 Regional Best Practices and Lessons Learned in Public Procurement from MSMEs

This section summarizes the best practices and lessons learnt from public procurement practices in the LAC Region. Information is provided on legislation; key processes and policy objectives in relation to MSMEs’ access to public procurement [see text boxes].

4.1 Providing sufficient information about the tender

The Procuring Agency should provide sufficient information to permit bidders to attain sufficient understanding of the Agency's functions and related business requirements. In Jamaica, 82% of companies interviewed are sometimes impeded by insufficient information about the tender in their attempt to access public procurement opportunities. 55% of companies disagree that information about regional public tender opportunities is available to me in a timely manner. While only 46% of companies agree that information about national public tender opportunities is available to him in a timely manner. Results polled in Barbados also exhibited similar trends. 66% of companies interviewed are sometimes or even regularly impeded by insufficient information about the tender in their attempt to access public procurement opportunities. While only 25% of companies agree that information about national public tender opportunities is available to him in a timely manner, for regional tenders, not a single supplier agreed that information was available to him in a timely manner.

4.1.1 E-Procurement Solution

The introduction of an E-Procurement solution will improve access to information. For example, an E-Procurement website available 24 hours a day, seven days a week, will allow access to features such as browsing current bidding opportunities, and downloading any supplementary information.

The implementation of an E-Procurement solution should not be limited to a simple transfer of the Procuring Agency information and services online. It should take into consideration re-engineering processes needed to be customer driven and service oriented. In so doing, provide greater access to information, more fairness in services and procedures for public and businesses.

Jamaica is yet to introduce an E-Procurement solution. However, the Government recognizes the importance of e-Procurement as a core component of the e-Government initiative. Some Procuring Agencies in Jamaica post tender notices on their websites. While these are not transactional procurement interventions (i.e. there is usually no facility to download bid documents and/or submit bids online), they aid in promoting transparency and wider dissemination of procurement opportunities.

In Jamaica, 91% of companies interviewed indicated that having a single central website where national and regional public procurement opportunities are posted with better search facilities and e-mail alerts would be very helpful in improving their access to public procurement opportunities. 73% of companies interviewed indicated that the implementation of an E-Procurement system would be very helpful in improving their access to public procurement opportunities.

In Barbados, a similar trend was noticed among the suppliers interviewed. 75% of companies interviewed indicated that having a single central website where national and regional public procurement opportunities are posted with better search facilities and e-mail alerts would be very helpful in improving their access to public procurement opportunities. 92% of companies interviewed indicated that the implementation of an E-Procurement system would be very helpful in improving their access to public procurement opportunities.

10 See Ministry paper 56.
While there is no single portal, the use of information and a communication technology exists in a few procuring entities. For example, as it relates to the submission/receiving of bids electronically.

A technical cooperation was signed between the Government of Jamaica and the Inter-American Development Bank to facilitate the implementation of an Electronic Government Procurement (e-GP) system for Jamaica. e-GP will be a single government e-procurement portal through which government will conduct on-line tendering. A similar initiative is also underway for Barbados where the IDB is funding a consultancy for their implementation of e-GP.

**Brazil:** The Brazil government e-procurement system (COMPRASNET) is a Web-based on-line procurement system used by all Federal Government procurement units in Brazil. Brazil’s experience as an electronic procurement pioneer is used by organisations such as world Bank, Inter-American Development Bank, and Organisation for Economic Co-operation and Development as a benchmark system. E-Procurement solutions for countries in the region such as Peru, Guatemala have been modelled after COMPRASNET.

**Chile:** ChileCompra, created around the same time as COMPRASNET, is an information system for Procurement and Contracting used by all Procuring Agencies. This public procurement system is widely accessible for suppliers and general audience to freely participate in every Government procurement opportunity and to view the contracting result. The use of the system has expanded rapidly under the Public Procurement Strategic Plan, a policy that was informed by the Brazilian COMPRASNET system.

(Source: John Kucharski, 2009, Procurement in Brazil: Electronic Procurement as Anti-corruption Reform published in the The Journal of International Policy Solutions)

**4.1.2 Tendering Information Services**

Tender information services from a National Procurement Registry or from a regional tender information centre will provide access to general and also to specific information, advice or technical assistance in completing bids. General information could be provided on current legislation, changes to government policies and programs, and administrative procedures. More specific information could include the reason for rejection of bid, the characteristics and advantages of the successful bid, as well as the name of the successful bidder. All Procuring Agencies should provide constructive de-briefing to unsuccessful bidders.

While E-Procurement systems disseminate information faster, face to face tender information sessions, training centres and call centre could also provide free information to MSMEs. Targeted assistance of providing training often involves the transfer of skills which makes improvements in the MSME sector sustainable. The Procuring Agency could then be consulted regarding the different procurement possibilities offered, the filling in and sending of notices, the legal framework and the problems encountered in the application of the relevant legislation.

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11 The first serious attempt to implement a government-wide e-Procurement system was the inclusion of e-procurement as a component under the IDB ICT Project that is currently being executed in the Ministry of Industry, Investment and Commerce (MIIC). The e-Procurement component of that project is to develop an e-Procurement feasibility assessment and a blueprint for the introduction of e-procurement as an integral component of the on-going process of improvement of the procurement system. An e-GP readiness assessment was done with funding from the World Bank in February 2005. The IDB funded a consultancy to prepare the e-Procurement strategy. This was completed in November 2006 and additional funding has been provided for the implementation of an e-Tendering system.
4.2 Giving sufficient time to prepare a tender

To evaluate the capacity of the bidder to undertake the contract, the Procuring Agency typically asks for evidence that takes time to be produced. A request for tender that is too complex will add significant time and cost to MSMEs and may discourage them from bidding. Conversely, a structured request for tender that is simple and coherent might encourage MSME and allow sufficient time to respond to opportunities. Time to respond can be optimised if requests for tenders are clear, concise and easy to understand. Templates to guide respondents could be provided.

Automated procurement could make the procurement process uniformed across national and possibly regional Procuring Agencies without centralising or removing the buying autonomy of the agency. Procuring Agencies are also strongly encouraged to communicate long term purchasing plans to the market as early as possible by publishing Prior Information Notices. These notices should contain sufficient information to allow a supplier to make an informed decision as to whether to participate in the upcoming tender competition. In so doing, gives MSMEs time to react and prepare for the tender process.

46% of companies interviewed feel that insufficient time to prepare a tender sometimes impedes their access to public procurement opportunities. Another 27% of companies are regularly impeded by insufficient information about the tender. One company stated that “Time frame to prepare some bidding documents is too short, as many construction-based suppliers have to price their goods being ordered from overseas and the response time from their overseas providers is usually longer than the 21 day period given in the tender process for submitting an estimated pricing list.” Another company indicated that “Government often sends out late (last-minute) invitations to tender and this affects importation of the suppliers’ goods as unrealistic delivery requests create a backlog at the wharves, wastage of valuable time and accrues high storage costs.”

4.3 More appropriate level for technical qualification criteria

Not all contracts can be awarded based on price. For example, the bidder with the lowest price may not propose the most environmentally friendly solution, or the most efficient technologies. In such cases a two-stage bidding process is usually employed. This would involve an evaluation of the technical proposal before moving on to an evaluation of the price. Based on feedback received from companies interviewed, it is the way in which Procuring Agencies approach this technical evaluation that often deters MSMEs. One company stated that “Invitations to tender for very technical, speciality areas such as land surveying should be disseminated to skilled professional associations. For example: The Land Surveyors Association of Jamaica, to capture the most eligible and technically sound bidders who are more likely to quote contract value based on their expertise, instead of solely underbidding to win a contract award.”

In Jamaica, 55% of companies interviewed feel that sometimes high cost of tendering impedes their access to public procurement opportunities. 37% of companies interviewed feel that sometimes over-emphasis on experience in selection of contractors impedes their access to public procurement opportunities. Another 36% of companies indicated that they are regularly impeded by this over-emphasis on experience. Correspondingly in Barbados, 61% of companies interviewed feel that sometimes high cost of tendering impedes their access to public procurement opportunities. Procuring Agencies are encouraged to avoid setting unnecessarily high requirements, including excessive or unnecessary

**Jamaica**: The MSME & Entrepreneurship Policy (Ministry of Industry Investment and Commerce, 2012) lists as a policy strategy: Develop a structured approach to inform MSMEs of the deficiency in the tenders submitted so that unsuccessful/disqualified bidders can increase their chances of success in future bidding processes.
evidence of capacity. The capacity level must be relevant and proportionate to the particular contract. In addition, evidence of capacity could be produced at the time when bidder is being considered for award of contract, and not at the time of pre-qualification. The practice of using a one-size-fits-all set of requirements must also be avoided.

Having a clearly defined set of criteria based on the kind of purchase and its proportionate contract value instead of a general high capacity and ability levels might encourage more MSMEs to participate in tender. The fact that a bidder cannot provide evidence of previous similar contracts should not be a reason for the elimination of the bidder and does not exempt the contracting authority from checking the professional, technical and financial standing of the bidder concerned.

4.4 Less onerous financial requirements

The requirement for insurance cover, financial guarantees or any such requirement set by a contracting authority must be both relevant and proportionate to the circumstances of the contract. 73% of companies interviewed feel that onerous financial requirements regularly impede their access to public procurement opportunities. Another 18% of companies are sometimes impeded by financial requirements that are too onerous. One company stated: “MSMEs suffer from a cyclical and chronic cash flow and capital shortage, which makes the task of bidding more onerous as they are often times unable to meet financial requirements.” Another company commented that “Suppliers are required to have their bid securities investigated and accessible for the duration a particular tender opportunity and while this is being done, they miss out on other tenders due to limited capital and inaccessibility of the said funds.”

While it may be reasonable for the contracting authority to ask bidders to declare that they can obtain such insurance. However, insisting that such cover is in place at the time of tendering is of concern to MSMEs. Only the winning bidder need obtain the appropriate cover and produce evidence of same in order to allow for the award of contract. Furthermore, unjustified and prolonged retention of the resources (e.g. participation guarantee) of the economic operators should be avoided and a decrease of financial guarantees according to the performance of the contract should be encouraged. Unjustified retention of guarantees should be discouraged. Instead the guarantee should decrease according to the performance of the contract.

Throughout the LAC region the average appears to be a 1 to 5% guarantee, or bond, accompanying a bid and a 10 to 15% guarantee upon acceptance. In a few countries such as Ecuador, a 5% guarantee is required for all government contracts, but the military does not accept insurance guarantees. In other countries such as Nicaragua, guarantees do not appear to be used. (Source: A Practical Guide for Assessing and Developing Public Procurement Programmes to Assist SMEs, International Trade Centre UNCTAD/WTO)
4.5 Less onerous ‘paper work’ requirements

Less onerous ‘paper work’ is a benefit that can be readily associated with implementing information systems. The Suppliers Registry prevents duplication of formalities and enables direct information validation. In so doing the registry reduces the extensive administrative burden of bidders as well as lessens errors in applications. For example, at the time of submitting bids the registered bidder would not need to resubmit registration information needed to complete the bid because these details would already be available in the registry.

In Jamaica, 37% of companies interviewed feel that onerous paper work requirements sometimes impede their access to public procurement opportunities. Another 36% of companies are impeded regularly by paper work requirements that are too onerous. In Barbados, 15% of companies interviewed feel that onerous financial requirements regularly impede their access to public procurement opportunities. Another 54% of companies are sometimes impeded by financial requirements that are too onerous. One company indicated that the “Process of preparing tender documents for submission is too strenuous and costly: binding of paperwork & an unnecessarily large volume of paperwork”.

In Trinidad and Tobago:

The Fair Share programme in Trinidad and Tobago allows procurement opportunities of up to $1 million to be made available for SMEs. It will also facilitate the creation of a database of persons that have demonstrated that they do good work for the government Procurement Agencies. (http://chamber.org.tt/articles/the-new-fair-share-programme/)

4.6 Reduce “closed procurements” where selection is often for larger more experienced contractors

Closed Procurements far too often results in “MSMEs who have recently acquired a new categorization for Goods, Services and Works provision with the registry being disregarded in the tender process due to high emphasis being placed on industry experience for contractor selection” stated one company. Another indicated that the “5 year minimum requirement for business ownership is a major deterrent – years of experience should not outweigh business ownership.”

Overall 37% of companies interviewed feel that the rational used in closed procurements sometimes put an over-emphasis on experience in selection of contractors which impedes their access to public procurement opportunities.
4.7 Reduce cost of tendering

Use of technology is an effective way to reduce or eliminate costs not only for Government but also for the MSMEs as well. For example, all costs associated with the handling of paper: transportation, binding, storage etc. 55% of companies interviewed feel that sometimes high cost of tendering impedes their access to public procurement opportunities. One company indicated that the “Presentation of TCC is dependent on providing accurate, up-to-date and audited financial records as prepared by a registered accounting firm. Often the cost of accounting is too high. That is: JMD$500,000 – $1 million per year (USD5,000 – USD10,000) may be spent on accounting costs and preparation of bid documents, only to tender on a job worth JMD$300,000 (USD3,000).”

4.8 Improve on image and perception

In Jamaica, 55% of companies interviewed feel that sometimes there is a perception of preference towards a larger supplier. As such, access to public procurement opportunities is impeded. Another 36% of companies are regularly impeded because of the perceived preference towards a larger supplier.
In Barbados, 23% of companies interviewed feel that sometimes there is a perception of preference towards a larger supplier. As such, access to public procurement opportunities is impeded. Another 31% of companies are regularly impeded because of the perceived preference towards a larger supplier.

Corruption was high on the list of barriers or problems faced when tendering for public contracts identified by MSMEs. One company in Jamaica stated that “Corruption is rampant in the system: overbidding, underbidding, collusion and outbidding are commonplace practices among larger suppliers used to win bids.”

**Chile:** International indices clearly show that having an open public contracting e-Procurement system with clear rules improves the country’s image (Gobinero De Chile, Ministerio De Hacienda Strategic Plan 2002-2004).

**Brazil:** The COMPRASNET system enables better and more transparent procurement. The strengthened competition among providers has reduced corruption and improved the general efficacy of public procurement activities. Red tape in the process has also been reduced. For example, a normal procurement process takes more than two months. The on-line reverse auction may be completed in less than 15 working days. The winner is announced immediately. The use of on-line procurement has also increased the participation of small businesses in government supplies (Marcos Ozorio de Almeida, 2002, eGovernment for Development Information Exchange).

**Jamaica:** Ministry of Finance and The Public Service Circular No. 14 dated June 2, 2009 advised Permanent Secretaries and Heads of Public Entities to facilitate greater access by Micro and Small Enterprises (MSEs) to public procurement opportunities. The provisions include:

- All government entities shall make every effort to spend a minimum of 15% of budgeted procurement expenditure with MSEs, each fiscal year.
- Ministries, Departments and Agencies shall set aside a minimum of 15% of procurement under their Recurrent and Capital A Budgets for MSEs.
- The maximum values of any single contract that may be awarded under this programme are: Goods - J$1M (USD10,000); General Services – J$5M (USD50,000): and Works – J$10M (USD100,000).
- Bid security shall not be required for contracts up to $10M and intended for MSEs.

Also listed as policy strategy is: Encourage and facilitate training for MSEs to educate them about procurement procedures and requirements and how to increase their chance of being successful during the bidding process. (Ministry of Industry Investment and Commerce, 2012, MSME & Entrepreneurship Policy)

### 4.9 Prompt Payment

Delay in payments was high on the list of barriers or problems faced when tendering for public contracts identified by MSMEs. Delay in payment reduces the available working capital of MSMEs and affects its production capacity and profitability. The most common international practice to compensate MSMEs against delay in payment is for government to provide for interest payments for late payment of invoices. One company stated that there is “Double-standards: Penalties are charged for suppliers’ late delivery of goods but Government faces no penalties for its late payments and late invitations to bid.”

Payment related question was not posed to the suppliers in Barbados hence no conclusion can be drawn as to whether the MSMEs are facing any problem on this front. However, it can be safely inferred that having prompt payment mechanism in the procurement system, installing electronic payment mechanism can definitely improve the image of the government and help the MSMEs as they have low working capital.
OECS: The OECS, a formal grouping of nine (9) Eastern Caribbean Countries, established OECS/PPS (Pharmaceutical Procurement Service) under a project funded by USAID, and by 1989 the scheme was financially self-sufficient. The countries deposited one-third of their annual pharmaceutical budget to individual country drug accounts at the Eastern Caribbean Central Bank (ECCB) in order to assure prompt payment to suppliers and to maintain a revolving drug fund.

Brazil: The COMPRASNET system is integrated with the Government financial payment system. Suppliers are guaranteed timely payments on supplies sold to the government.

Argentina: The city improved its relationship with suppliers by overhauling its payment system so that contractors were paid on time. Deficiencies in the previous system, in which payments were decentralized and issued by the unit that had purchased a service, led to chronic payment delays that contractors ultimately used to justify their higher prices. The city has now centralized the payment system through the creation of a single account managed by the general treasury office.
5 Obstacles to Implement Best Practices among Caribbean TTG Member Country

This section describes the functioning of the individual Caribbean TTG Member Country, with a specific view on the legal and policy provisions, and comments on their adaptability to key actions for encouraging MSMEs’ access to public procurement.

5.1 Low level of trust between public and private sector

Low levels of trust will impede the public private dialogue is critical and fundamental to reaching agreements necessary to implementing required changes to processes and procedures. Although a direct question about trust was not posed to the respondents we can safely infer from responses to related questions that there currently exist a low level of if not major problems with trust with government policies.

5.2 Weak and fragmented private sector

The diverging interests in the private sector have been institutionalized in the large array of private sector organizations that have emerged. This fragmentation has resulted in organizations that lack the technical and/or financial capacity to serve their members by not being able to effectively come to a common position and articulate same to the public sector.

5.3 Capacity to conduct procurement

Procurement is not regarded as a profession throughout the public sector in the CARICOM States. Procurement functions are handled by untrained, non-specialist staff at all levels of administration. Combined with weak legislation and regulations, procurement has turned into an interpretive function. Compounded by low salary levels this significantly increases the risk of adverse outcomes throughout the procurement process. Most public officials who handle procurement have never received any training at all.

5.4 Weakness in Legislation

The deficiencies and/or lack of comprehensive legislation and/or its enforcement governing the public procurement through the Caribbean countries are demonstrated in inefficient and non-transparent procurement practices throughout. In general, the legal framework emanates from subsidiary legislation issued under outdated “Financial Administration and Audit Acts” or similar variants of it.
6 Recommendations for Caribbean TTG Member Country

The following recommendations are based on the findings from meetings with public procurement officials, responses to questionnaires from MSMEs on existing procurement practices, literature reviews, and regional best practices in public procurement from MSMEs.

Recommendation 1: Create a true National Suppliers Registry

Implementing a true Suppliers Registry where companies will become registered as Government suppliers is a fundamental public procurement initiative that will stimulate MSME access to opportunities. The registry will be the primary source of information needed to manage public procurement in a strategic way at the national level and also at the individual Procurement Agency level. Not only will reporting be improved but now there will be empirical evidence to assess trends, and the effects of changes in public procurement practices.

It is worth noting that some LAC member countries are looking into the possibility of making their websites available in multiple languages so as to enable better and direct access for tenderers from other countries. Such measures would significantly facilitate regional cross border procurement.
Recommendation 2: Expedite efforts to implement the Electronic Government Procurement (e-GP) system

The Government should expedite the implementation e-GP so that its purchasing processes can be streamlined. e-GP will be the single Government e-procurement portal through which Government will conduct on-line tendering.

Using ICT tools to innovate business processes will result in a number of benefits not only to the Government but also to the MSME sector. Cheaper and quicker access to more structured information will likely increase the participation of MSMEs in public sector procurement and possibly increase their public sector sales. Changes to business processes that will effect improvements in accountability and transparency will also strengthen efforts to eliminate corrupt practices and improve efficiency (for example, at the National Contract Committee, and also in the investigation of bid securities).

One caveat in the recommendation is that the suppliers will be required to be trained on the usage of the e-Procurement/e-Governance site. Currently, only 9% of the suppliers search the internet for government tenders, only 8% submit bids online.

However, the encouraging part is that an overwhelming majority of the respondents are already using computers for a host of activities.
Recommendation 3: Improve Payment Practices and provide more Financial Procurement assistance

Following should be done:

3.1. Interface the Electronic Government Procurement (e-GP) system with the Government financial payment system so that contractors were paid on time. This will improve the available working capital of MSMEs.

3.2. Government should create a fund that would stand security with the banks regarding required financial/bank guarantees and collateral for MSMEs, who lack adequate financial resources for winning tenders. This includes the requirement for tender bond for 10% of contract amount in the case of new MSME companies. Registered MSMEs would be automatically eligible to utilize the fund but continued use base on performance history.

3.3. Remove the minimum capital requirement percentage for eligible suppliers.

Recommendation 4: Adequately train public sector procurement officials and suppliers particularly MSMEs

Government of Jamaica has already started putting measures in place to strengthen the competitiveness of MSMEs in Jamaica. However, none of these measures will work if training and changing attitudes towards recognizing procurement as a profession requiring special skills for public sector officers. Suppliers must also be adequately trained and provided with the necessary tools to level the playing field for access to procurement opportunities. These measures must be monitored regularly at the highest level and refreshed when appropriate. Within the CSME context and for immediate impact, it is recommended that the CARICOM Secretariat lead the way by developing specialized courses to train trainers for member States.

Recommendation 5: National Suppliers Registry to be the central repository for all procurements and statistics

There must be in place formal process of adding suppliers to the Registry with defined steps and procedures for maintaining a list of active suppliers. The list should not contain suppliers who have long ceased to be active history of all should be kept with all relevant statistics. A mechanism should be brought in place by which the supplier list is updated dynamically as transactions occur or not depending on set procedures. This will ensure that the registry is up-to-date and government decision can be based on data and not perception.

Recommendation 6: National Suppliers Registry to provide classification of all registered suppliers

Our research in the Caribbean has no clear indications in any registry as to whether the supplier belongs to Micro, Small or Medium category. Neither is there any record of the expertise that the supplier carries. This often led to officials taking decision based on personal knowledge or perception. While a supplier can start as a Micro enterprise, it can grow to Small category in the coming years, the purchasing officers usually make a judgement call based on the profit the business records on the application filing. Capturing the data in a central database will make the process transparent and fair. This will also lead to minimizing the process of favouring the big-players. When data is not available, people take decision based on perception which often tilts the balance in favour of big-players or oversees-players.
7 Conclusion

This report presents an opportunity for the Governments of Barbados, Jamaica and in fact the region to refresh its thinking about doing business with MSMEs. Several Governments are already making good progress to facilitate greater access to public procurement opportunities to MSME, example of these provisions include: set aside to spend a minimum of 15% of budgeted procurement expenditure with MSMEs each fiscal year, and removing requirement for bid security for contracts up to J$10M (USD100,000). Other initiative to encourage MSMEs need to be expedited, for example, in implementing the Electronic Government Procurement system.

The statistical data, made available from this research, clearly shows that it is now more crucial than ever to address challenges that may impede MSME access to public procurement. Key among the challenges included: onerous financial requirements, insufficient information about tender, closed procurements, pattern of making untimely payments, and corrupt practices. The recommendations will help to promote a new culture of public sector purchasing that benefit from an open, competitive and transparent system that is vital to economies in the region. Implementing new ways of working, such as improving payment practices and having a true National Suppliers Registry will encourage MSMEs to become successful contract winners.

Having concluded our efforts in Jamaica and Barbados and taking into account the perspective from the CARICOM, CSME Unit, and our research can now form a baseline from which other Caribbean countries can be assessed and more detailed recommendations offered.
8 Appendices

8.1 Appendix 1 – Sample Countrywide Questionnaire

SECTION 1  REGISTRY OF SUPPLIERS

Please provide responses that describe the registry of suppliers in your country as accurately as possible:

<table>
<thead>
<tr>
<th>MSME Registrants</th>
<th>RS1</th>
<th>Of you total registrants how many are MSME?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medium</td>
<td></td>
<td></td>
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<tr>
<td>Large</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Commodity</th>
<th>RS2</th>
<th>What are the main or most often purchased commodities in your country for 2011?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Percentage of MSME Suppliers</th>
<th>RS3</th>
<th>Of these commodities (in RS1 above) what percentage were supplied by MSMEs?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other</th>
<th>RS4</th>
<th>Provide your own experiences and views of the policies and procedures being used in public procurement systems in your country.</th>
</tr>
</thead>
</table>

SECTION 2  TREND IN PUBLIC PROCUREMENT

Trend in quantity and value of public procurement contracts awarded by awarding authority

<table>
<thead>
<tr>
<th>Awarding Authority</th>
<th>Year</th>
<th>Contract Awarded</th>
<th>Number of Contracts</th>
<th>Dollar Value of Contracts (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Government</td>
<td>2011</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2009</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Government</td>
<td>2011</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2009</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Trend in number of contracts by nature of contract awarded by awarding authority

<table>
<thead>
<tr>
<th>Awarding Authority</th>
<th>Year</th>
<th>Number of Contracts by Nature of Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>General Services</td>
</tr>
<tr>
<td>Central Government</td>
<td>2011</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2009</td>
<td></td>
</tr>
</tbody>
</table>
Local Government

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
</table>

SECTION 3  ACCESS TO INFORMATION ON PUBLIC PROCUREMENT

Please describe information sources available.

<table>
<thead>
<tr>
<th>What information sources are used to publish tender opportunities?</th>
<th>How often do you publish?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td></td>
</tr>
</tbody>
</table>

SECTION 4  USE OF E-PROCUREMENT SOLUTIONS

Please describe the use of E-Procurement solution in your country.

<table>
<thead>
<tr>
<th>Is any E-Procurement solution used?</th>
</tr>
</thead>
<tbody>
<tr>
<td>For example, for accepting submission of documents in electronic form, or for electronic communication with the bidders.</td>
</tr>
<tr>
<td>If yes, what are the components of the E-Procurement system?</td>
</tr>
</tbody>
</table>
### 8.2 Appendix 4 – Sample MSME Questionnaire

#### SECTION 1 CHARACTERISTICS OF THE COMPANY INTERVIEWED

Please circle the number that corresponds to the correct response that best describes your company:

<table>
<thead>
<tr>
<th>Size of company</th>
<th>Q 1.</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>0 – 3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4 – 10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>11 – 25</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Over 25</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sales/Turnover</th>
<th>Q 2.</th>
<th>What is annual sales/turnover?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>&lt;= $10 million</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$10 – $50 million</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$50 – $150 million</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Over $150 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Geography</th>
<th>Q 3.</th>
<th>Main geographic location of market</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1 National (Business solely in one country)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2 Regional (Business in home country and in 1 or more other Caribbean countries)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3 Global (Represented in more than one continent)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tendering frequency</th>
<th>Q 4.</th>
<th>How many times do you participate in public procurement annually?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Contract type</th>
<th>Q 5.</th>
<th>Primary sector frequently tendering for, or of participation in public procurement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1 General Insurance Services</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2 Consulting Services</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3 Goods, General Services and Works</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Commodities</th>
<th>Q 6.</th>
<th>What are the main or most commodities you supply?</th>
</tr>
</thead>
</table>

#### SECTION 2 ACCESS TO INFORMATION ON PUBLIC PROCUREMENT

Please tick the box that best describe your knowledge and use of information sources.

<table>
<thead>
<tr>
<th>Information source:</th>
<th>Q 7. What information source are you aware of?</th>
<th>Q 8. How often do you check the information source?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Procurbing Entity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Website</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Newspaper</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government publication</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Referral</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Please tick the box that best describes availability of information sources.

<table>
<thead>
<tr>
<th>Q 9.</th>
<th>I feel information about national public tender opportunities is available to me in a timely manner.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q 10.</td>
<td>I feel information about regional public tender opportunities is available to me in a timely manner.</td>
</tr>
</tbody>
</table>

SECTION 3 USE OF E-PROCUREMENT SOLUTIONS

Please tick the box that best describes your use of E-Procurement solution.

Q 11. Do you use E-Procurement solution? For example, for submission of documents in electronic form to procuring agency, or for electronic communication with the procuring agency, or self-assessment to determine your eligibility for tender opportunity.

Yes | No

SECTION 4 CHALLENGES THAT MAY IMPEDE MSME ACCESS TO PUBLIC PROCUREMENT

Please tick the box that best describes challenges that may impede MSME access to public procurement.

| Q 12. | Insufficient information about the tender |
| Q 13. | Insufficient time to prepare a tender |
| Q 14. | Technical qualification criteria too high |
| Q 15. | Financial requirements such as bank guarantees too onerous |
| Q 16. | ‘Paper work’ requirements of tenders too onerous |
| Q 17. | Over-emphasis on experience in selection of contractors |
| Q 18. | High cost of tendering |
| Q 19. | Is there a perception of preference towards a larger supplier |

Identify other barriers or problems faced when tendering for public contracts:

SECTION 5 SUGGESTIONS ON HOW TO IMPROVE MSME ACCESS TO PUBLIC PROCUREMENT

Please tick the box that best describes your thoughts to suggestions on how to improve MSME access to public procurement.

| Q 20. | Set aside a minimum business activity for MSME in each agency procurement budget. For example, based on value, quantity, commodity, complexity of projects. |

Not helpful | Unlikely to be helpful | Neutral | Helpful | Very helpful
<table>
<thead>
<tr>
<th>Q 21.</th>
<th>Remove requirement for bid and performance security on contracts</th>
<th>Not helpful</th>
<th>Unlikely to be helpful</th>
<th>Neutral</th>
<th>Helpful</th>
<th>Very helpful</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q 22.</td>
<td>Web enable the National Procurement Registry (if not already the case)</td>
<td>Not helpful</td>
<td>Unlikely to be helpful</td>
<td>Neutral</td>
<td>Helpful</td>
<td>Very helpful</td>
</tr>
<tr>
<td>Q 23.</td>
<td>Single central website where national and regional public procurement opportunities are posted with better search facilities and e-mail alerts</td>
<td>Not helpful</td>
<td>Unlikely to be helpful</td>
<td>Neutral</td>
<td>Helpful</td>
<td>Very helpful</td>
</tr>
<tr>
<td>Q 24.</td>
<td>Training to assist you in the preparation of public procurement tenders</td>
<td>Not helpful</td>
<td>Unlikely to be helpful</td>
<td>Neutral</td>
<td>Helpful</td>
<td>Very helpful</td>
</tr>
<tr>
<td>Q 25.</td>
<td>Implementation of E-Procurement system</td>
<td>Not helpful</td>
<td>Unlikely to be helpful</td>
<td>Neutral</td>
<td>Helpful</td>
<td>Very helpful</td>
</tr>
</tbody>
</table>

Identify other suggestions to improve access to public procurement:
### 8.3 Appendix 5 – List of Enterprises Interviewed

<table>
<thead>
<tr>
<th>Country</th>
<th>Size</th>
<th>Industry Classification</th>
<th>Name of Business</th>
<th>Tender Profile of Business</th>
<th>Contact Particulars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jamaica</td>
<td>Micro</td>
<td>Wholesale and Retail Trade</td>
<td>B.C.B Scientific Sales and Services</td>
<td>Has been a Successful Bidder: mostly Open Tender, Direct Contracting</td>
<td>Vivienne Cooper</td>
</tr>
<tr>
<td></td>
<td>Micro</td>
<td>Financial Insurance, Real Estate and Business Services</td>
<td></td>
<td>Has been an Unsuccessful Bidder on Open Tenders, But has received Direct Contracting Tenders</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Micro</td>
<td>8.1 Real Estate and Business Services</td>
<td>Kingston 5</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Micro</td>
<td>Community, Social and Personal Services:</td>
<td></td>
<td>Has been an Unsuccessful Bidder on Open Tenders</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Micro</td>
<td>9.1 Sanitation Services</td>
<td>St. Thomas</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Micro</td>
<td>Construction</td>
<td>Kingston</td>
<td>Has been a Successful Bidder: mostly Open Tender, Direct Contracting</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Micro</td>
<td>Manufacturing: Furniture-Making</td>
<td>St. James</td>
<td>Has been a Successful Bidder: mostly Open Tender, Direct Contracting</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>D.T Brown Construction Company Limited</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>Caribbean ESCo Company Limited</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>J.R Cut Trading Limited</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>Manufacturing: Blind and Roller Shades with the windows blinds manufacturing industry</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>Commissioned Land</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Country</td>
<td>Size</td>
<td>Industry Classification</td>
<td>Name of Business</td>
<td>Tender Profile of Business</td>
<td>Contact Particulars</td>
</tr>
<tr>
<td>-----------</td>
<td>----------</td>
<td>----------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>Barbados</td>
<td>Micro</td>
<td>Consulting services in the field of multi-media cultural/entertainment</td>
<td>Surveyors Associates</td>
<td>Has been a Successful Bidder; mostly Open Tender through partnership firms and referral</td>
<td>Cell: 869-6880</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td></td>
<td>Company Limited</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>Services in the field of Catering</td>
<td>Services</td>
<td>Has been successful in getting government contracts; Mainly gets via direct request from government</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>Service- visual media service and solutions</td>
<td>Services</td>
<td>Has not participated in open-bidding; Mostly gets call from the officials and is hired directly</td>
<td></td>
</tr>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Country</td>
<td>Size</td>
<td>Industry Classification</td>
<td>Name of Business</td>
<td>Tender Profile of Business</td>
<td>Contact Particulars</td>
</tr>
<tr>
<td>---------</td>
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<td>-------------------------</td>
<td>-----------------</td>
<td>----------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Services Catering)</td>
<td>Al Hinds Caterer</td>
<td>Has been successful in getting a government contract through open bidding</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Services (Janitorial &amp; Environment)</td>
<td>9.1 Sanitation Services</td>
<td>Has not been successful in winning a contact. Has been involved in government work via direct contacts</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Manufacturing Syrups</td>
<td>Bajan Cleaning</td>
<td>Never bid for government contracts. Not aware of tender opportunities</td>
<td></td>
</tr>
<tr>
<td>Medium</td>
<td>Manufacturing</td>
<td></td>
<td>Rose &amp; LaFlamme</td>
<td>Has been successful in getting a government contract through open bidding</td>
<td>Tele:</td>
</tr>
<tr>
<td></td>
<td>Works (Construction)</td>
<td></td>
<td>Structural Systems Ltd.</td>
<td>Has been successful in getting a government contract through open bidding</td>
<td>Tele:</td>
</tr>
<tr>
<td></td>
<td>Manufacturing</td>
<td></td>
<td></td>
<td>Has been successful in getting a government contract through open bidding</td>
<td></td>
</tr>
</tbody>
</table>
8.4 Appendix 5 – List of References

A Practical Guide for Assessing and Developing Public Procurement Programmes to Assist SMEs, International Trade Centre UNCTAD/WTO

Framework Regional Integration Policy on Public Procurement (FRIP), 2011, CARICOM Secretariat CSME Unit

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Programa ICT4GP

Fortalecimiento de los Sistemas de Compras Públicas en América Latina y el Caribe a través del uso de herramientas TIC y de la promoción de la participación de las MIPyME

Componente 1 del Programa ICT4GP

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