

# PROCUREMENT POLICY OFFICE

## Directive No. 72 (Issued pursuant to section 7 of the Public Procurement Act)

### Reserved Works Contracts for Micro and Small Enterprises

1. The purpose of this Directive is to inform public bodies on the procedures for reserved works contracts for micro enterprises and small enterprises pursuant to Section 26B of the Public Procurement Act (2006) and Regulation 47C of the Public Procurement Regulations 2008.
2. The following procedures should be adopted:
  - a. **Small works not exceeding Rs 1 million**
    - i. Invite bids from micro enterprises.
    - ii. Award the contract to the lowest evaluated substantially responsive bidder irrespective of the annual turnover.
  - b. **Small works between Rs 1 million and Rs 10 million**
    - i. Proceed with a restricted bidding exercise from micro and small enterprises.
    - ii. Separate the bids received from micro and small enterprises.
    - iii. Award the contract to the lowest evaluated substantially responsive bidder from among the micro enterprises.
    - iv. In the absence of any responsive bid from the micro enterprises, proceed with the evaluation of bids from the small enterprises and award the contract to the lowest evaluated substantially responsive bidder.

**Note:** For para 2(a) and (b) above, in respect of specialized works where there is no known micro enterprise capable of performing the contract, bids may be invited from other bidders.

### c. **Works between Rs 10 million and Rs 30 million**

- i. Invite bids through open advertised bidding by clearly mentioning in the bidding documents that priority of consideration for award shall be given to small enterprises with an average annual turnover not exceeding Rs 30 million.
- ii. Separate the bids received and proceed with the evaluation of bids received from small enterprises.
- iii. Award the contract to the lowest evaluated substantially responsive enterprise.

- iv. In the absence of responsive bids from a small enterprise, proceed with the evaluation of bids from the other bidders and award the contract to the lowest evaluated substantially responsive bidder.
3. In case the lowest evaluated responsive bid is more than 15% above the cost estimate, the provisions of Directive No. 61 shall apply.

**Procurement Policy Office**  
**27 June 2024**