THE PHILIPPINE GOVERNMENT PROCUREMENT SYSTEM

ATTY. ROWENA CANDICE M. RUIZ
Executive Director V, GPPB-TSO
I. Procurement Planning
II. Latest updates on the Revised Implementing Rules and Regulations (IRR) of Republic Act (RA) no. 9184
III. Newly Issued Issuances, Resolutions, and Guidelines of the GPPB
IV. Early Procurement Regime
V. Framework Agreement
VI. Sangguniang Kabataan (SK) Procurement
VII. Effects of Delisting
PROCUREMENT PLANNING
**What is Procurement?**

*Procurement* is the process of selecting services from a supplier which fits best the need. It includes the process of selecting products and services that will provide **value for money**.
DELAYS AND FAILURES OF BIDDING

- **Approval Process/Review Process**: 14%
- **Late Release of Special Allotment Release Order**: 5%
- **Low Number of Bidders**: 22%
- **Inadequate Training/Varying Interpretation of Rules**: 3%
- **Lack of Manpower**: 6%
- **Planning**: 50%

**Confirmation Result of Participating Agencies**:
- 17% (Problems on Technical Specifications/Terms of Reference)
- 22% (End-user’s late submission of the Purchase Request)
- 11% (Poor Cost Estimates)

*Primary cause of delays and failure of bidding based on Agency Procurement Compliance and Performance Indicators (APCPI) Confirmation Result of Participating Agencies.*
CHALLENGES IN PROCUREMENT

1. Identify
   - Cost-benefit analysis
   - Feasibility study
   - Market study
   - PPMP

2. Assess
   - Review feasibility/ market studies
   - Consolidate into APP
   - Decide procurement method
   - Approve APP
   - Determine readiness

3. Procure
   - Post/Advertise opportunity
   - Open and evaluate bids
   - Post-qualify
   - Award and enter into contract

4. Implement
   - Oversee implementation
   - Inspect and accept deliveries
   - Release payment

Portion that covers the STANDARDIZED BIDDING PROCEDURES

50% of Failure of bidding is attributed to POOR PLANNING

Government Procurement Policy Board – Technical Support Office
Procurement Planning is a process of determining:

- What to buy? Procurement Project - Goods, Infrastructure or Consulting Services
- How many do you need? Quantity/items
- What are the details of a Procurement Project? Technical Specifications or Terms of Reference
- What is the cost? ABC
- When you need it? Timelines/milestones
- How to source it? Procurement Modalities

It aims to manage the expectations for fulfillment of procurement needs.
WHY UNDERTAKE PROCUREMENT PLANNING

1. Precludes occasions for unnecessary government purchases and circumventions of the prescribed procurement procedures
   - advance deliveries
   - suki system
   - unwarranted resort to alternative methods procurement
   - not fit for purpose

2. Undertaken within budgetary context
   - Judiciously done
   - In pursuit of the principal mandate of the procuring entity concerned
   - Consistent with budgeting policies and rules
   - Value for money
   - Cannot exceed the ABC
Value for money or getting the most advantageous cost, quality and sustainability for products and services that meet our needs or requirements

Fit for purpose or identifying the specifications which is fit for purpose and sufficient to meet our needs or requirements
LATEST UPDATES ON THE REVISED IMPLEMENTING RULES AND REGULATIONS (IRR) OF REPUBLIC ACT (RA) NO. 9184
What are not considered Procurement?
ACTIVITIES NOT COVERED BY RA 9184

Procurement funded from Foreign Grants

RA 8182 as amended by RA 8555
An Act Excluding Official Development Assistance (ODA) from the Foreign Debt Limit in order to Facilitate the Absorption and Optimize the Utilization of ODA Resources

Acquisition of Real Property

RA 8974 as amended by RA 10752
“An Act to Facilitate the Acquisition of Right-of-Way Site or Location for National Government Infrastructure Projects and for Other Purposes,”

Public-Private Sector Projects

RA 6957 as amended by RA 7718 (BOT Law)
“An Act Authorizing the Financing, Construction, Operation and Maintenance of Infrastructure Projects by the Private Sector, and for Other Purposes,”
### Direct financial or material assistant to beneficiaries

*If the direct financial or material assistance takes the form of goods, supplies or items that are to be procured (e.g., relief goods), the same do not fall within the coverage of the cited provision, but is subject to procurement rules and regulations embodied in RA 9184 and its IRR.*

- (GPPB Circular 01-2017)

### Participation to scholarships, training programs, continuing education, etc.

### Lease of government property for private use

### Job order workers

### Joint Venture Agreements between Private Entities and GOCCs or LGUs

### Disposal of property and assets
Can a 6th ranking official of the PE be designated as a BAC member?
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<tr>
<td>Lack of members to constitute BAC</td>
<td>Allows designation of an officer of the next lower rank, in case of unavailability of 5th ranking permanent official (except for BAC Chairperson) (Sec. 11.2.2)</td>
<td>Increases the pool from which HOPE select its BAC members</td>
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<td></td>
<td>In case of procurement outsourcing, a representative from the Procuring Entity may be designated as a provisional member</td>
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<td>The <strong>Chairperson</strong> and <strong>Vice-chairperson</strong> shall be designated by the local chief executive (Sec.11.2.2, 11.2.3(a), 11.2.3(b)(iii))</td>
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How often should the BAC undergo procurement training?
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<tr>
<td>Lack of training of HOPE, BAC, Secretariat and TWG</td>
<td>The HoPE shall ensure that the BAC, its Secretariat and TWG members, including other relevant procurement personnel are sent to <strong>attend capacity development program</strong>. Within six (6) months upon designation, the BAC, its Secretariat and TWG members should have satisfactorily completed such <strong>training or program conducted</strong>, authorized or accredited by the GPPB through its Technical Support Office.</td>
<td>Procurement Professionalization</td>
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Can you refund Bidding Documents fee?
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<tr>
<td>Poor specifications</td>
<td>a. Bid documents shall reflect the <strong>necessary</strong> specifications required to meet the needs of the PE</td>
<td>Quality of Goods for the lowest prices</td>
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<td></td>
<td>b. For mixed procurement, PE shall specify <strong>all relevant requirements for each procurement type</strong> <em>(Sec. 17.2)</em></td>
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<td>Non-Refundable Fee For bid docs</td>
<td>Provide instances when <strong>bid doc fees may be refunded</strong> to the bidder, <em>i.e. declaration of failure of bidding under Section 41</em> <em>(Sec. 17.5)</em></td>
<td>Fairness in procurement</td>
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</table>
Do you need to post Bid Notices in newspaper of general circulation?
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<tr>
<td>Poor Quality of Works</td>
<td>Requirement on <strong>detailed engineering is emphasized. (Sec. 17.6)</strong></td>
<td>Quality of Goods for the lowest prices</td>
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<tr>
<td>Newspaper advertisement</td>
<td>a. Increase thresholds for advertisement requirement</td>
<td>Reduce government cost for newspaper advertisements</td>
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<td>b. 2 years sunset clause on advertisement requirement (Sec. 21.2.1)</td>
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<tr>
<td>Low participation of bidders in pre-bid</td>
<td>a. Allow conduct of pre-bid via <strong>video-conferencing, webcasting</strong></td>
<td>Clarifies procurement requirements; Reduce disqualification; Increase competition</td>
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<td></td>
<td>b. Allow all prospective bidders (even those who did not buy bid docs) to raise queries (Sec. 22)</td>
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Is Platinum membership mandatory for purposes of eligibility?
<table>
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| Disqualification of Bidders/ Failure of Biddings due to documentary requirements | a. Mandatory registration under Platinum Membership (Sec. 8.5.2, 25.2)  
*Per GPPB Circular No. 07-2017 which took effect on 3 September 2017, the mandatory requirement under Sec. 8.5.2 on the submission of PhilGEPS Certificate of Registration and Membership under Platinum category for Competitive Bidding, Limited Source Bidding and Two-Failed Bidding has been deferred until revoked by the GPPB.* | Easier eligibility check  
Reduce disqualification of bidders/failure of biddings  
Increase competition |
When can BAC accept a recently expired mayor’s permit?
<table>
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| Disqualification of Bidders/ Failure of Biddings due to documentary requirements | b. Mayor’s permit:  
- Allows submission of *recently expired* mayor’s permit with *official receipt of application for renewal of permit*  
- Allows *equivalent document for economic zones* *(Sec. 23.1(a)(ii), 24.1(a)(ii))* | Easier eligibility check  
Reduce disqualification of bidders/ failure of biddings  
Increase competition |
| Low turn-out of bidders                                                 | c. For *goods* procurement, submission of a *Credit Line*, as an alternative to NFCC *(Sec. 23.1(a)(viii))*                             |                                                                                                 |
Is there an alternative to NFCC?
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<td>Easier eligibility check</td>
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<td>- Allows submission of recently expired mayor’s permit with official receipt of application for renewal of permit</td>
<td>Reduce disqualification of bidders/failure of biddings</td>
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<td>- Allows equivalent document for economic zones (Sec. 23.1(a)(ii), 24.1(a)(ii))</td>
<td>Increase competition</td>
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<td>c. For goods procurement, submission of a Credit Line, as an alternative to NFCC (Sec. 23.1(a)(viii))</td>
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Can an individual consultant be allowed to submit an alternate to a mayor’s permit?
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| Disqualification of Bidders/Failure of Biddings due to documentary requirements | d. For goods and infrastructure projects, fixing the **NFCC’s K factor at 15**, regardless of contract duration *(Sec. 23.4.1.4, 23.4.2.7)*  

e. **For individual consultants not registered as sole proprietors, they can submit BIR Certificate of Registration instead of DTI and Mayor’s Permit (Sec. 24.1(a)(ii))**  

f. In consulting services, submission of foreign bidders’ **SEC Certificate of Registration and/or PRC permit is moved from eligibility to contract award (Sec. 37.1.4(a)(iv))** | Easier eligibility check  
Reduce disqualification of bidders/failure of biddings  
Increase competition |
Can the BAC accept an unsealed bid envelope?
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<tr>
<td>Strict rules on marking/sealing of bids</td>
<td>Bid envelopes that are <strong>not properly sealed and marked</strong>, as required in the bidding documents, <strong>shall be accepted</strong>, provided that the bidder or its duly authorized representative shall acknowledge such condition of the bid as submitted. The BAC shall assume no responsibility for the misplacement of the contents of the improperly sealed or marked bid, or for its premature opening <em>(Sec. 25.9)</em></td>
<td>Reduce disqualification of bidders</td>
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Who should be notified of the award of contract?
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<td>Bid Rigging/ Simulation of bids;</td>
<td>a. BAC Secretariat shall <strong>notify in writing all bidders whose bids it has received</strong> through its PhilGEPS-registered physical address or official e-mail address <em>(Sec. 25.7)</em></td>
<td>Ensure transparency and accurate representation of the bid submission</td>
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<td>b. The BAC shall <strong>notify all other bidders, in writing, of its recommendation to HOPE of award of contract</strong> to LCRB/HRRB within 3 calendar days. <em>(Sec. 37.1.1)</em></td>
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In case of public bidding, is there an exemption from PhilGEPS registration?
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| Procurement by Foreign Service Posts | a. Exempts foreign bidders from the mandatory PhilGEPS Certificate of Registration (Sec. 25.2)  
    b. Winning bidder shall be required to register (Registration Number only) prior to contract signing. (Section 37.1.4(a)(ii) | Encourage participation of foreign bidders in the procurement by FSPs                     |
| Bid and Performance Securities    | a. Allows the bidder to choose their preferred form of bid security (Sec. 27.2)               | Avoid undue disqualification of bidders who posted more than the required amount.        
    b. Clarifies the required amount for Bid Security and Performance Security (Secs. 27.2 and 39.2) |
Can the PE require a type of bid security?
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<td>b. Clarifies the required amount for Bid Security and Performance Security (Secs. 27.2 and 39.2)</td>
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Should the PE rescind a contract once the amount of liquidated damages reach 10%?
### Issue/s

| Retention Money | For Goods, retention money is reduced from fixed 10% to at least 1% (*Sec. 62*)  
|                 | For Infrastructure Projects, retention money is retained at 10% |
| Termination of contract/ Liquidated damages | Once the cumulative amount of liquidated damages reaches ten percent (10%) of the amount of the contract, the Procuring Entity may rescind or terminate the contract, without prejudice to other courses of action and remedies available under the circumstances. (*Sec. 68*) |

### Impact

- Reduce transaction cost results to lower bid prices
- PE has the discretion w/n to terminate the contract, especially when the Project is near completion
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<td>Delay in procurement process due to declaration of holidays</td>
<td>Specific procurement activities may be held on a Saturday, Sunday, nonworking day or holiday: provided, that the BAC, secretariat and TWG members shall be available on such date, and the appropriate supplemental/bid bulletin is issued and posted pursuant to the posting requirements embodied in section 22.5.3 of this IRR. <em>(GPPB Resolution No. 21-2017)</em></td>
<td>Fast-track procurement activities</td>
</tr>
</tbody>
</table>
How many quotations should the PE receive for alternative modes of procurement?
### Issue/s
The number of quotation that the BAC has to obtain, in order to proceed with the negotiation

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<tbody>
<tr>
<td><strong>a.</strong></td>
<td><strong>Shopping 52.1(a) and Emergency Procurement</strong>– send at least 1 RFQ</td>
</tr>
<tr>
<td><strong>b.</strong></td>
<td><strong>Shopping 52.1(b) –</strong> send at least 3 RFQs, receive at least 3 quotations</td>
</tr>
<tr>
<td><strong>c.</strong></td>
<td><strong>Two Failed Biddings, Small Value Procurement, Lease of Real Property/Venue</strong> - send at least 3 RFQs, receive at least 1 quotation will suffice</td>
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### ANNEX “H” OF THE 2016 REVISED IRR

<table>
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<tr>
<td>25% threshold requirement for Agency-to-Agency procurement</td>
<td>25% threshold requirement is removed, provided that the servicing agency has the mandate and absorptive capacity to undertake the project.</td>
</tr>
<tr>
<td>Procurement of Privately-owned real property/venue for public use</td>
<td>Negotiated Procurement under Section 53.10 on lease of real property and venue for public-use cover both publicly-owned and privately-owned.</td>
</tr>
<tr>
<td>Thresholds for SHP &amp; SVP</td>
<td>Doubled the thresholds for all PEs, except for Barangays (maintained at P50,000).</td>
</tr>
</tbody>
</table>
Can you expand the services of an existing provider under the WETI rules?
Revised Guidelines on Procurement of WETI Service Providers

(Resolution No. 41-2017)

– During the effectivity of the contract, or upon its renewal, the PE may consider the expansion or reduction of the services provided by the existing service provider subject to the need of the PE and the best way by which such need may be addressed and satisfied

– Resort to competitive bidding, or any of the applicable alternative methods of procurement in case there is more than one service contractor operating within the area
Can the PE adopt a milestone based progress billings?
Section 5.1, as amended – PE may require in the Bidding Documents that a statement of work accomplished or progress billing and the corresponding request for progress payment may only be submitted upon actual completion of the infrastructure project or a specific portion, segment, milestone or phase thereof.
What is Green Public Procurement?
GPPB Resolution No. 15-2013, dated 10 May 2013, commits the support of GPPB in the implementation of Sustainable and/or Green Public Procurement Regime in Government.

Through GPPB Resolution No. 20-2016, dated 23 September 2016, GPPB espoused that in the procurement of goods, government agencies shall be able to incorporate the minimum energy performance standards for equipment, products and devices in crafting technical specifications.
• GPPB Resolution 21-2016, dated 23 September 2016 approves the green specifications for the first tranche of Common-Use Supplies and Equipment.

  – Toilet Paper
  – Record Books
  – Multicopy paper
  – Plastic Trash Bag
  – Plastic Chairs
  – Spray
  – LEDs
  – Toilet Cleaner
  – Detergent Powder
  – Liquid Hand Soap
  – Disinfectant Hand Spray
NEWLY ISSUED ISSUANCES, RESOLUTIONS, AND GUIDELINES OF THE GPPB
Use of Videoconferencing, Webcasting and Similar Technology in the Conduct of Meetings and Determination of Quorum by the BAC

**NOW, THEREFORE**, for and in consideration of the foregoing, **WE**, the Members of the **GOVERNMENT PROCUREMENT POLICY BOARD**, by virtue of the powers vested on us, by law and other executive issuances, hereby **RESOLVE**, to confirm, adopt, and approve, as **WE** hereby confirm, adopt, and approve the use of videoconferencing, webcasting or similar technology in the conduct of meetings and the determination of quorum by the BAC, including the amendments of Sections 12.3 and 12.4 of the 2016 revised IRR of RA No. 9184, and the affected clauses in the GPM, a copy of which, is attached as Annex “A”, and made an integral part hereof.

This Resolution shall take effect immediately.

**APPROVED** this 4th day of December 2018 at Pasig City, Philippines.
Use of Digital Signature on all procurement documents

WHEREAS, after careful review and deliberation, the Board resolved to adopt the recommendation of the GPPB-TSO with modifications;

NOW, THEREFORE, for and in consideration of the foregoing, WE, the Members of the Government Procurement Policy Board, by virtue of the powers vested on us, by law and other executive issuances, hereby RESOLVE, to confirm, adopt, and approve, as WE hereby confirm, adopt, and approve the following:

1. ALLOW the use of digital signature in all GPPB issuances, such as Resolutions, Circulars, Policy Matter Opinions, and Minutes of the Meeting;

2. DIRECT the GPPB-TSO, in coordination with the DICT, to conduct trainings or orientation and disseminate information on the use of digital signature as authorized herein;

3. ALLOW the use of digital signature in all procurement-related documents, including but not limited to: (a) Project Procurement Management Plan; (b) Annual Procurement Plan; (c) Request for Quotation; (d) Request for Proposal; (e) Philippine Bidding Documents; (f) Invitation to Bid; (g) Request for Expression of Interest; (h) Supplemental/Bid Bulletin; (i) Notice of Postponement of Bid Opening; (j) Notice of Eligibility or Ineligibility; (k) Notice of Short Listing; (l) Abstract of Quotations; (m) Abstract of Bids as Read; (n) Abstract of Bids as Calculated; (o) Bid Evaluation Report; (p) Notice to Bidder with the Lowest Calculated Bid; (q) Post-Qualification Report; (r) Notice of Post-disqualification; (s) Notice of Award; (t) Approval of Higher Authority; (u) Notice to Proceed; (v) Reply to Motion for Reconsideration and Protest; (w) Bids and Awards Committee (BAC) Resolutions; (x) Blacklisting Order; (y) Procurement Monitoring Report; and (z) Agency Procurement Compliance and Performance Indicators;

4. REQUIRE the BAC Secretariat to prepare the resolution and other procurement related documents for every procurement activity in advance of the meeting, and if majority of the members of the BAC present approves the said document/s, the approving BAC members shall immediately authorize the signing of the document/s using their digital signature, when applicable; and

5. DIRECT the GPPB-TSO to monitor the implementation of the use of digital signature and recommend to the Board when the use of digital signature shall be made mandatory.

This Resolution shall take effect immediately.

APPROVED this 17th day of July 2019 at Pasig City, Philippines.
NOW, THEREFORE, for and in view of all the foregoing, WE, the Members of the GOVERNMENT PROCUREMENT POLICY BOARD, by virtue of the powers vested on US by law and other executive issuances, hereby RESOLVE to confirm, adopt, and approve, as WE hereby confirm, adopt, and approve the Guidelines on the Use of Virtual Store for the Procurement of CSEs, a copy of which is hereto attached as Annex “A”.

This Resolution shall take effect immediately.

APPROVED this 18th day of October 2018 at Pasig City, Philippines.
EARLY PROCUREMENT REGIME
## Early Procurement Activities (EPA)

**GPPB Circular No. 06-2019**

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<th>Guidelines on the Implementation of EPA</th>
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<td>2. Preparatory Activities</td>
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<td>4. Bid Validity</td>
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<td>5. Procurement Timelines</td>
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<td>6. Revision of the Indicative APP before Award of Contract</td>
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<td>7. Award of Contract</td>
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<td>8. Tolling or Suspension of the Period</td>
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<td>9. Monitoring</td>
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<td>10. Effectivity</td>
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Early Procurement Activities (EPA) shall refer to the conduct of procurement activities, from posting of the procurement opportunity, if required, until recommendation of the BAC to the HoPE as to the award of the contract, for goods to be delivered, infrastructure projects to be implemented and consulting services to be rendered in the following fiscal year, pending approval of their respective funding sources.
EPA: SCOPE AND APPLICATION

- All types of procurement for goods, infrastructure projects and consulting services.

- Procurement projects undertaken through Competitive Bidding and Alternative Methods of Procurement, except for the following:

  - Repeat Order (Sec. 51)
  - Shopping (Sec. 52)
  - Emergency Cases (Sec. 53.2)
  - Take-Over of Contracts (Section 53.3); and
  - Small Value Procurement (Sec. 53.9)
Shall only commence upon completion of the following:

1. All the appropriate *preparatory activities* such as, but not limited to:
   - cost-benefit analysis
   - feasibility studies
   - market research
   - for civil works: detailed engineering designs, regulatory clearances and right of way acquisitions
Shall only commence upon completion of the following:

2. Approval by the HoPE of the indicative APP and submission to:
   - the DBM in case of NGAs and GOCCs;
   - the respective governing boards for further approval in case of GOCCs under the Governance Commission for GOCCs (GCG) and submission to the latter; or
   - the Sanggunian in case of LGUs.
NOTE: The Certificate of Availability of Funds shall not be required prior to the commencement of EPA. (GPPB Circular 05-2018, dated 18 May 2018)

Procurement Planning Processes/Requirements
<table>
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<tr>
<th>PROCUREMENT PROJECTS</th>
<th>BASIS FOR COMMENCING THE CONDUCT OF EPA</th>
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<tbody>
<tr>
<td>o Nationally-funded</td>
<td>• Submission of the NEP to Congress (usually in July)</td>
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<tr>
<td>Procurement Projects</td>
<td>• No EPA may be conducted without:</td>
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<td>- approved indicative APP</td>
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<td>- MYCA, if multi-year</td>
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<td>o Procurement Projects funded by corporate and local funds</td>
<td>• From the time the proposed corporate or local budget has been submitted to the approving authority.</td>
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<td>o Foreign-assisted</td>
<td>• From the approval of the NEDA Board as evidenced by the official notice of approval issued by the NEDA Secretariat; or</td>
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<tr>
<td>Procurement Projects</td>
<td>• Upon issuance of a document or instrument issued by the foreign donor or financing institution explicitly stating that a loan is to be made available to the Philippines</td>
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</table>
## EPA: IMPLEMENTING GUIDELINES

<table>
<thead>
<tr>
<th>PROCUREMENT PROJECTS</th>
<th>BASIS FOR COMMENCING THE CONDUCT OF EPA</th>
</tr>
</thead>
<tbody>
<tr>
<td>o Projects that are included in the budget of the Source Agency but shall be released directly to the Recipient Agency pursuant to a special provision in the NEP</td>
<td>• The special provision in the NEP shall be the basis of the recipient agency to conduct EPA</td>
</tr>
<tr>
<td>o For Procurement Projects funded in the budget of the Source Agency but to be implemented by the Recipient Agency</td>
<td>• A Memorandum of Understanding (MOU) between the Source Agency and the Recipient Agency shall be the basis of the Recipient Agency for the conduct of EPA.</td>
</tr>
<tr>
<td>o For Procurement Projects funded by forthcoming sub-allotments from the Central Office (CO) or Centrally-Managed Items</td>
<td>• The written approval from the CO identifying and authorizing the Implementing Unit to conduct an EPA shall be the basis for the undertaking said activity.</td>
</tr>
</tbody>
</table>
The procuring entity shall:

- expressly provide in the bidding documents that the Procurement Project is undertaken through EPA.
- ensure that the prospective bidders are properly informed of the following:
  - rules and procedure of EPA;
  - fixed price rule in procurement;
  - extension of the bid validity and security;
  - validity of the eligibility requirements prior to the award of contract;
  - conditions of award; and
  - date of earliest delivery
When to Award

Rule 1:

Notwithstanding the mandatory procurement timeline provided in Section 37 of RA No. 9184, Procurement Projects undertaken through EPA may be awarded upon approval and effectivity of the GAA, reenacted budget, appropriations ordinance, corporate budget or loan agreement, as the case may be.
When to Award

**Rule 1**: Example.

<table>
<thead>
<tr>
<th>NEP</th>
<th>ABC</th>
<th>LCRB</th>
<th>GAA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Million</td>
<td>1 Million</td>
<td>1 Million</td>
<td>1 Million</td>
</tr>
</tbody>
</table>

However, in the case of a reenacted budget, the PE may only award the contract for Recurring Procurement Projects and not for new Procurement Projects.
When to Award

Rule 2:

If the amount authorized for a Procurement Project has been reduced, the PE may still make an award if the contract price to be awarded is within the amount authorized in the GAA, reenacted budget, appropriations ordinance, corporate budget, or loan agreement regardless of the posted Approved Budget for the Contract (ABC).

Example:

<table>
<thead>
<tr>
<th></th>
<th>NEP</th>
<th>ABC</th>
<th>LCRB</th>
<th>GAA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>1.2 Million</td>
<td>1.2 Million</td>
<td>1 Million</td>
<td>1 Million</td>
</tr>
</tbody>
</table>
When NOT to Award

Rule 3:

The HoPE shall not award any Procurement Project if the amount therefor has been withdrawn or in the event the amount authorized in the GAA, reenacted budget, appropriations ordinance, corporate budget, or loan agreement is lower than the amount of contract to be awarded.
When NOT to Award

**Rule 3:**

**Example 1:** Withdrawn

<table>
<thead>
<tr>
<th>NEP</th>
<th>ABC</th>
<th>LCRB</th>
<th>GAA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.5 Million</td>
<td>1.5 Million</td>
<td>1.3 Million</td>
<td>0</td>
</tr>
</tbody>
</table>

**Example 2:** Below the contract to be awarded

<table>
<thead>
<tr>
<th>NEP</th>
<th>ABC</th>
<th>LCRB</th>
<th>GAA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Million</td>
<td>1 Million</td>
<td>900 Thousand</td>
<td>800 Thousand</td>
</tr>
</tbody>
</table>
When NOT to Award

**Rule 4:**

In all instances, the HoPE has the authority to exercise the reservation clause under Section 41 of RA No. 9184, which grants the HoPE the right not to award the contract if, for any justifiable and reasonable ground, the award of the contract will not redound to the benefit of the government.
When NOT to Award

Rule 5:

Notwithstanding the approval and effectivity of the GAA, reenacted budget, appropriations ordinance, corporate budget or loan agreement, as the case may be, PEs shall not award contracts for **Procurement Projects requiring Special Allotment Release Order or Sub-Allotment Release Order** until the same has been issued, secured or released.
Pending approval and effectivity of the GAA, corporate budget or appropriations ordinance, or the loan agreement in the case of FAPs, the following periods shall be tolled or suspended:

- the fifteen-day (15 day) period for the HoPE to approve the Resolution of the BAC and to issue the Notice of Award provided under Section 37; and

- the three-month (3-month) period within which to complete the procurement process, from the opening of bids up to the award of contract, under Section 38 of RA No. 9184.
The period of time for the award of contract and termination of the procurement process, as the case may be, shall begin to run again upon the approval and effectivity of the GAA, reenacted budget, appropriations ordinance, corporate budget or loan agreement, as the case may be.

It shall NOT commence anew but rather, grants the HoPE the balance of the remaining period to award the contract or terminate the procurement process.
Example:

- 30 July: Bid Opening
- 11 Oct: BAC Recommendation
- 12 Oct: 73 days
- 1 Jan: Approval and effectivity of the GAA
- 16 Jan: Period is tolled/suspended
- 18 Jan: Period to complete the 3-month procurement process
- 17 days
- 15 d

Period for the HoPE to award the contract
For example:

Bid Opening = 30 July
BAC Recommendation = 11 October
Period tolled/suspended beginning 12 October

- The HoPE has **seventeen (17) days** to complete the procurement process from the approval and effectivity of the funding source. This is the period remaining from the 3-month period to complete the procurement process, i.e., 90 days less 73 days (or the period covering July 30 to October 11).
If the approval and effectivity of the GAA is 1 January, the 3-month period to complete the procurement process and the 15-day period for the HoPE to approve the contract shall run again and the HoPE has:

(i) 15 days or until 16 January to award; and
(ii) 17 days or until 18 January to complete the procurement process.
The award of contract for Procurement Projects undertaken through EPA may be made only upon:

- approval and effectivity of their respective funding sources
- the reenactment of the previous year’s budget

As soon as the funding source has been approved, regardless of the stage of the EPA, the indicative APP shall be revised, finalized and approved.

The final approved APP shall be submitted to the GPPB on or before the end of January of the budget year, and shall be posted.
The conduct of EPA from posting to recommendation of the BAC to the HoPE as to the award of the contract shall observe the mandatory timelines set forth in the IRR of RA No. 9184, including the period for re-bidding.

Awards made under EPA shall be reported in the Procurement Monitoring Report (PMR) under a column separate from the regular procurement activities.

For purposes of APCPI, the PE’s compliance shall be adjusted considering the tolling of the periods as allowed.
FRAMEWORK AGREEMENT
• **GPPB Resolution No. 12-2017**, dated 10 April 2017, which took effect on 23 November 2017, provides the Guidelines on the Use of Framework Agreement

• Pilot tested by the Department of Budget and Management – Procurement Service (DBM-PS), Department of Education (DepEd), Department of Health (DOH) and Department of National Defense (DND)

• The GPPB has recently approved the use of Framework Agreement by all agencies
Definition of Framework Agreement

• It is in the nature of an ‘option contract’ between the PE and the bidder(s) granting the procuring entity the option to either place an order for any of the goods and services identified in the Framework Agreement List or not to buy at all within a minimum period of one year to a maximum of three years.
GUIDELINES ON FRAMEWORK AGREEMENT

Instances for Entering Into Framework Agreement

- For necessary and desirable goods that are repeatedly required by the procuring entity, but by their nature, use, or characteristic, the quantity and/or exact time of need cannot be accurately predetermined; and

- In case of expendable or non-expendable goods, it is inadvisable for the procuring entity to carry the same in stock or commit to purchase a certain quantity within a given period.
General Conditions (Cont.)

• Procurement shall be conducted following the procedures for Competitive Bidding provided in RA 9184 and its IRR, subject to Section 6 of the proposed Guidelines.

• Prices shall be fixed price per unit or item or identified service.
Competitive Bidding

• The Invitation to Bid shall indicate that the procurement will be subject to a Framework Agreement arrangement pursuant to these Guidelines, and shall state whether the Framework Agreement is subject to Mini-Competition or Outright Determination of the LCRB.
Competitive Bidding

- The procedures and requirements for Competitive Bidding provided in RA 9184 and its IRR shall apply but the determination of the LCRB will vary:
  - Outright Determination of LCRB; or
  - Determination of LCRB after Mini-Competition.
Competitive Bidding

_Outright Determination of LCRB_

- For a duration of one (1) year

- Upon determination of the bidder with the LCRB, the HoPE shall award the option contract (Framework Agreement), in the form of a **Notice to Execute Framework Agreement**, to the bidder with the LCRB. This notwithstanding, actual purchase of the procuring entity shall only be made **upon issuance of Call-Off.**
Competitive Bidding

_Determination of LCRB After Mini Competition_

- for a duration of two (2) to three (3) years

- The BAC shall initially determine compliance of bidders with the technical and financial aspects of the project, and recommend the execution of Framework Agreement to all complying bidders.
Competitive Bidding

**Determination of LCRB After Mini Competition (Cont.)**

- The HoPE shall then issue to all complying bidders a **Notice to Execute a Framework Agreement**.
- The determination of the LCRB shall not be performed by the BAC until a **Mini-Competition** is conducted among the complying bidders to determine the bidder with the LCRB.
Framework Agreement

- Within ten (10) calendar days from receipt by the participating bidder(s) of the Notification to Execute a Framework Agreement with the Procuring Entity, the bidder shall **formally enter into a Framework Agreement** with the PE for an amount of One Peso to be paid by the PE as a consideration for the option granted to the PE to procure the items in the Framework Agreement List when the need arises.
Framework Agreement

- Executed within ten (10) calendar days from receipt by the participating bidder(s) of the Notification to Execute a Framework Agreement.

- Submission of a Performance Securing Declaration to guarantee the faithful performance by the supplier/service provider of its obligations.

- Payment of an amount of One Peso by the procuring entity as a consideration for the option granted to the procuring entity.
Framework Agreement

- Shall not state or imply any agreement by the procuring entity to place future contracts or make orders with the supplier/service provider.

- No modification of the Framework Agreement during its lifetime shall be allowed.

- Valid only for the period stated in the Bidding Documents which, in no case shall exceed three (3) years from the time the Framework Agreement was executed.
Call-Off

- Upon the determination of the need to procure the items or services, the PE will issue a Call-Off, immediately if single-year Framework Agreement, or after the conduct of Mini-Competition if multi-year Framework Agreement, in favor of the suppliers/service providers to obligate the latter to deliver or perform according to the terms and conditions stated in the Framework Agreement.
Call-Off

- No limit in the number of Call-Offs that may be executed. However:
  
  - Subsequent Call-Offs shall not exceed the maximum quantity in the Framework Agreement List;
  - The fixed contract prices rule shall be observed;
  - All executed Call-Offs shall not exceed the total contract price specified in the Framework Agreement.
Termination

- Without prejudice to the provisions of applicable laws, rules, and guidelines, the Framework Agreement shall automatically terminate under the following conditions:
  - When the **total maximum quantity** specified in the Framework Agreement **has been exhausted**; or
  - When the **specified duration** of the Framework Agreement **has expired**.
Repeat Order

- Allowed after PE has exhausted maximum quantity for the same item or after the Framework Agreement has expired:

  - Subject to conditions under Section 51.
  - Repeat Order shall be availed of only within 6 months from the date of the last of final Call-Off for a specific item or from the expiration of the Framework Agreement.
SANGGUNIANG KABATAAN (SK) PROCUREMENT
R.A. 9184 applies to all branches and/or instrumentalities of the government:

- **NGAs** - National Government Agencies
- **SUCs** - State Universities and Colleges
- **GOCCs** - Government Owned or Controlled Corporations
- **GFIs** – Government Financial Institute
- **LGUs** – Local Government Units
✓ Recognition of youth’s role in nation-building
✓ Establishment of mechanisms to empower the youth and ensure their meaningful participation to local governance
SK POWERS AND FUNCTIONS VIS-À-VIS GOVERNMENT PROCUREMENT

Fiscal Autonomy

✓ Section 20(b) of RA 10742 states that the SK shall have financial independence in its operations, disbursements and encashment of their funds, income and expenditures.

Contractual Authority

✓ Section 18(l) of RA 10742 authorizes the SK Chairperson to enter into contracts on behalf of the SK.
SK as a Procuring Entity

Having financial independence, the SK shall have the capacity to act as a procuring entity.

SK Chairperson

Shall act as the Head of the Procuring Entity (HoPE)

SK Bids and Awards Committee (BAC) Composition

The HoPE shall establish a BAC with at least five (5) but not more than seven (7) members.
Designate the BAC Chairperson, Vice-Chairperson and the BAC members who are SK members except the SK Treasurer

- *SK BAC shall perform the functions enumerated in Section 12 of the 2016 Revised IRR of RA 9184*

Create BAC Secretariat

- *SK BAC Secretariat shall perform the functions enumerated in Section 14.1 of the 2016 Revised IRR of RA 9184*
SK PROCUREMENT

Functions of SK Chairperson as HopE

- Ensure that the BAC, its Secretariat and TWG are sent to attend GPPB Recognized Training Activities
- Approve the Annual Procurement Plan
- Approve or disapprove recommendations of BAC
- Resolve protests and issue blacklisting orders
- Approve and submit the Procurement Monitoring Report to the GPPB
- Approve the Agency Procurement Compliance and Performance Indicators
SK Procurement Players

BAC Technical Working Group (TWG)

- The BAC may create a TWG from a pool of technical, financial, and/or legal experts or from the remaining SK members, or a member of the Katipunan ng mga Kabataan
- SK may also engage assistance of government personnel/officials, and consultants from the private sector/academe

End-User Representative

- SK is itself the end-user unit
- The HoPE may designate a member of the SK, except the SK Treasurer, who shall be responsible for the preparation of the Project Procurement Management Plan
- End-User shall also undertake preparatory activities such as cost-benefit analysis, feasibility studies and market research
SK without Sufficient Number of SK Members to Constitute a BAC

- SK may outsource its procurement tasks in the event of insufficient number of BAC members.
- SK Chairperson may request the Barangay BAC where it belongs to undertake the procurement tasks through a Memorandum of Agreement.
- SK may ask the BAC of other procuring entities to undertake its procurement tasks if the Barangay is unable to undertake its procurement tasks.
EFFECTS OF DELISTING
Procurement of Motor Vehicles
PROCUREMENT OF MOTOR VEHICLES

GPPB RESOLUTION NO. 20-2019

GPPB Resolution No. 21-2018

18 October 2018

Approving the inclusion of specified motor vehicles in the list of Common-Use Supplies and Equipment of the PS.

GPPB Resolution No. 08-2019

22 April 2019

Authorizing the Department of Budget and Management (DBM) and the PS to issue specific procedural guidelines in the operationalization of the centralized procurement of motor vehicles under AO No. 14.

Budget Circular No. 2019-2

4 March 2019

Guidelines Implementing Certain Provisions of AO No. 14, S. 2018

Budget Circular No. 2019-3

16 May 2019

Guidelines to Implement the Centralized Procurement of Government Motor Vehicles Pursuant to AO No. 14, S. 2018

GPPB Resolution No. 20-2019

5 September 2019

Approving the Delisting of Motor Vehicles in the List of Common-Use Supplies and Equipment of the Procurement Service
NOW, THEREFORE, for and in consideration of the foregoing, WE, the Members of the Government Procurement Policy Board, by virtue of the powers vested on us, by law and other executive issuances, hereby RESOLVE, to confirm, adopt, and approve, as WE hereby confirm, adopt, and approve the following:

1. **DELIST** the motor vehicles used for: (i) the exercise of executive functions; (ii) transport of personnel, equipment, supplies, products and materials; (iii) transport of sick and/or injured persons; (iv) patrol operations; and (v) fire-fighting operations from the list of common-use supplies and equipment of the Procurement Service; and

2. **INFORM** the Office of the President, through the Executive Secretary, of the said action of the GPPB pursuant to Section 6 of AO No. 17, series of 2011 which mandates the GPPB to conduct periodic evaluation of the effectiveness of the performance of the centralized procurement system in terms of economy and efficiency.

This Resolution shall take effect immediately.

APPROVED this 5th day of September 2019 at Manila City, Philippines.
Delisted Motor Vehicles

- The exercise of executive functions;
- Transport of personnel, equipment, supplies, products and materials;
- Transport of sick and/or injured persons;
- Patrol operations; and
- Fire-fighting operations
PEs are **no longer mandated** to procure motor vehicles from the PS.

PEs may still opt to engage the PS as their procurement agent for the bidding of motor vehicles as the Resolution did not affect the provisions of Section 7.3.3(a)\(^7\) of the 2016 revised IRR of RA No. 9184.
Government Fares Agreement (GFA)
GPPB Resolution No. 11-2017

10 March 2017

Confirming the Treatment of Airline Tickets as a Common-Use Supplies and Equipment (CSE) Item

GPPB Resolution No. 21-2019

5 September 2019

Approving the Delisting of Airline Tickets under the Government Fares Agreement in the List of Common-Use Supplies and Equipment of the Procurement Service
NOW, THEREFORE, for and in consideration of the foregoing, WE, the Members of the GOVERNMENT PROCUREMENT POLICY BOARD, by virtue of the powers vested on US, by law and other executive issuances, hereby RESOLVE, to confirm, adopt, and approve, as WE hereby confirm, adopt, and approve the following:

1. **DELIST** airline tickets under the Government Fares Agreement from the list of CSE of the PS so that procuring entities are no longer mandatated to purchase their airline ticket requirements from the GFA; and

2. **DIRECT** the GPPB-TSO to conduct a study on the modality where airline tickets may be best procured in terms of economy and efficiency.

This Resolution shall take effect immediately.

**APPROVED** this 5th day of September 2019 at Manila City, Philippines.
PEs are no longer mandated to procure their airline ticket requirements form the Government Fares Agreement (GFA) of the PS.

PEs may still opt to engage the PS as their procurement agent and avail of the GFA as the Resolution did not affect the provisions of Section 7.3.3(a)8 of the 2016 revised IRR of RA No. 9184
CONTACT US AT:

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Email address: training@gppb.gov.ph