



PHILIPPINE PROCUREMENT 101

What is Procurement?

Refers to the acquisition of goods, consulting services, and the contracting for infrastructure projects by the procuring entity. In case of projects involving mixed procurements, the nature of the procurement, i.e., goods, infrastructure projects, or consulting services, shall be determined based on the primary purpose of the contract. Procurement shall also include the lease of goods and real estate. With respect to real property, its procurement shall be governed by the provisions of R.A. 8974 and other applicable laws, rules and regulations.



Three kinds of procurement:



GOODS

e.g., paper and furniture.



INFRASTRUCTURE

e.g., roads, bridges, school and hospital buildings



SERVICES

e.g., consulting services of engineers, scientists, and programmers

Who are involved in the process?

PROCURING ENTITY

Refers to any branch, constitutional commission or office, agency, department, bureau, office, or instrumentality of the GOP (NGA), including government-owned and -controlled corporations (GOCC), government financial institutions (GFI), state universities and colleges (SUC) and local government units (LGU) procuring goods, consulting services and infrastructure projects.

HEAD OF PROCURING ENTITY

1. For national government agencies, constitutional commissions or offices, and branches of government: the head of the agency or body, or his duly authorized official.
2. For GOCCs, GFIs, and SUCs: the governing board or its duly authorized official.
3. For LGUs: the local chief executive.

BIDS AND AWARDS COMMITTEE (BAC)

This committee is established by each procuring entity to conduct procurement and ensure that the procuring entity abides by the standards set by the procurement law.

HEAD OF PROCURING ENTITY



BIDS AND AWARDS COMMITTEE (BAC)



Chairman



Vice Chairman

OBSERVERS



BAC Members, BAC Secretariat, Technical Working Group (TWG)

OBSERVERS

To enhance the transparency of the process, the BAC shall, in all stages of the procurement process, invite a representative of the Commission on Audit, and at least two observers to sit in its proceedings—one from a duly recognized private group in a sector or discipline relevant to the procurement, and the other from a non-government organization (provided that neither have a direct or indirect interest in the contract to be bid).

The Procurement Process

STEP 1 Pre-procurement conference



During the pre-procurement conference, the BAC shall assess the readiness of the procurement in terms of compliance with all the relevant laws. The BAC shall also set the minimum requirements for the goods/infra/services to be procured.

STEP 2 Advertisement



The advertisement is done in four ways:
(a) published at least once in a newspaper of general nationwide circulation*;
(b) posted in the PhilGEPS website;
(c) posted in the website of the procuring entity concerned, if available;
(d) posted at any conspicuous place in the premises of the procuring entity, as certified by the Head of the BAC Secretariat.

STEP 3 Pre-bid conference



The pre-bid conference is mandatory for projects worth Php 1 million pesos and above. In this conference, the BAC shall meet with the suppliers. Minutes of the meeting is made available to suppliers who bought bid documents. Changes to the bidding documents will be included in the supplemental bid bulletin.

STEP 4 Bids Submission



The prospective bidders shall submit their technical envelope and financial envelope in the form prescribed in the Instruction to Bidders on or before the deadline of bid submission.

STEP 5 Modification and withdrawal of bids



The BAC allows modification and withdrawal of bids when done before the deadline for the submission and receipt of bids.

STEP 6 Bid opening



The BAC examines the required technical and financial documents of the bidders. If the bid is incomplete, missing or insufficient; or if total bid price exceeds the ABC, the BAC shall rate the bidder as failed.

STEP 7 Bid Evaluation



A stage in the procurement process that technical and financial components are tabulated and then ranked from lowest to highest. The BAC prepares an Abstract of Bids as calculated. All the members of the BAC who are present shall sign the Abstract of Bids.

STEP 8 Post-Qualification



Once the documents of the Lowest Calculated Bid/Highest Rated Bid are submitted to the BAC, the BAC shall again verify, validate, and ascertain the post-qualifications of the Lowest Calculated Bid/Highest Rated bid with regard to the following: (a) legal requirements (b) technical requirements (c) financial requirements. The BAC declares the lowest calculated bid/highest rated bid as the Lowest Calculated Responsive Bid/Highest Rated Responsive Bid if it passes post-qualification. If the LCB/HRB fails any of the requirements, the 2nd LCB/HRB shall undergo the same qualification process until an LCRB/HRRB is declared.

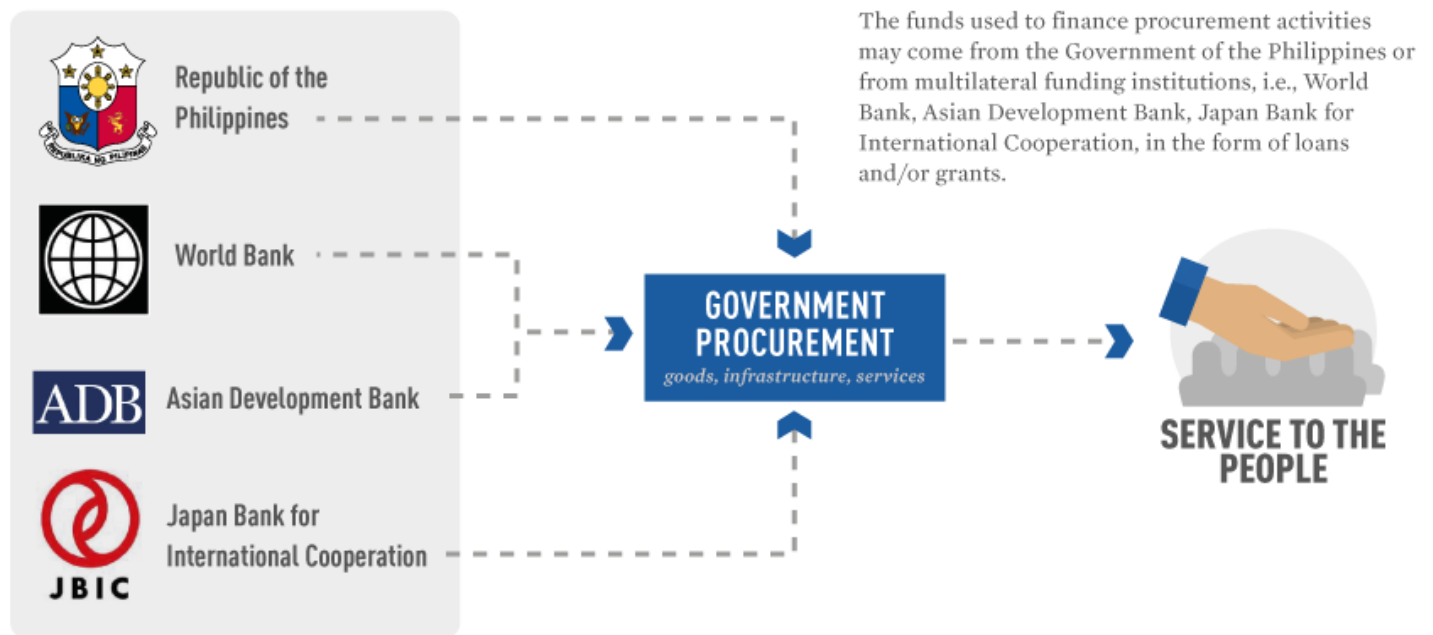
STEP 9 Notice and Execution of award



When the head of procuring entity approves the BAC's recommendation, the Notice of Award is issued to the Lowest Calculated Responsive Bidder/Highest Rated Responsive Bidder. The BAC shall post the Notice of Awards in PhilGEPS, the web site of the procuring entity, and any conspicuous place in the premises of the procuring entity. The BAC awards the contract to the Lowest Calculated Responsive Bid/Highest Rated Responsive Bid at the submitted price or calculated price, whichever is lower.

*Advertisement of the Invitation to Bid/Request for Expression of Interest in a newspaper of general nationwide circulation provided in Section 21.2.1 (a) shall not be required for contracts to be bid with an approved budget of two million pesos (P 2,000,000.00) and below for the procurement of goods, five million pesos (P 5,000,000.00) and below for the procurement of infrastructure projects, and one million pesos (P 1,000,000.00) and below or those whose duration is four (4) months or less for the procurement of consulting services.

Where do funds come from?



Source: Handbook on Philippine Government Procurement (6th Edition)
Public Procurement Guidebook for Observers

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